



BREEDE VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2017

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	Municipality (MFMA)
Municipal demarcation code	WC025
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community: Housing services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste management services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality, and Water services - Supplying water to the public,
Mayoral committee for the year ended 30 June 2016	
Executive Mayor	A.Steyn
Mayoral committee members	J.D. Levendal (Deputy Executive Mayor) M.Sampson (Speaker) R.Faroa (Chief Whip) W.M Blom A.M. du Toit S.Goedeman A.E. Jordaan W.R. Meiring S.J. Mei E.Y. Sheldon J.F van Zyl
Mayoral committee as per the new elections	
Executive Mayor	A.Steyn
Mayoral committee members	J.D. Levendal (Deputy Executive Mayor) N.Mecuur (Speaker) S.Goedeman (Chief Whip) R.Faroa J.Kritzinger W.R.Meiring S.J.Mei M.Sampson G.Stalmeester E.Y Sheldon J.F. van Zyl
Accounting officer	D. McThomas
Chief Financial Officer (CFO)	R.Ontong
Grading of local authority	Councillors Grade 4 Personnel Grade 10
Capacity of local authority	High

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

General Information

Registered office	Civic Centre Baring Street Worcester 6850
Postal address	Private Bag X3046 Worcester
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Index

The reports and statements set out below comprise of the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5 - 6
Report of the Auditor-General	7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Statement of Budget Comparison	12 - 15
Accounting Policies	13 - 53
Notes to the Annual Financial Statements	54 - 100
Appendix A: Schedule of External loans	102-103
Appendix B: Analysis of Property, Plant and Equipment	104-106
Appendix C: Statistical Information	107-108
Appendix D: Disclosure of Grants and Subsidies in terms of the MFMA	109 - 110
Appendix E :A2 - Budget Financial Performance (revenue& expenditure by standard classification)	111
Appendix F :A3 - Budget Financial Performance (revenue& expenditure by Municipal Vote)	112
Appendix G :A4 - Budget Financial Performance (revenue& expenditure)	113
Appendix H :A5 - Budget capital expenditure by vote,standard classification and funding)	114-115
Appendix I : -Budget Cash Flow	116
Appendix J: Deviations from ratification and minor breaches of procurement process	117-126
Appendix K: Schedule of investments as at 30 June 2017	127-128

Abbreviations

GRAP	Generally Recognised Accounting Practice
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements and related financial information.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act (Act 56 of 2003).

The annual financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Breede Valley Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The annual financial statements set out on pages 5 to 101, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017.



Accounting Officer
31 August 2017

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

Breede Valley Municipality is situated in the Western Cape Province, 120 km north-east of Cape Town. Included in its boundaries are Worcester, Rawsonville, De Doorns and Touwsrivier and surrounding rural areas. It covers 3 833 sq. km and is home to 176 578 people as per the 2016 survey.

The municipality is set between three mountain ranges, incorporating some of the most valuable and fertile agricultural land in the country. The area is endowed with a diverse cultural history, regional accessibility and unique natural beauty that attract a great number of tourists.

The financial position of the municipality is described to be sound, with an accumulated surplus of R1 665 132 789 (2016: R1 656 424 785) at year-end.

Net surplus of the municipality was R 8 117 101 (2016: deficit R10 704 816). The overall summarised operating results for the municipality in comparison to the approved budget are shown in the Statement of Financial Performance and also reflects a summary of income and expenditure.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis show that assets cover the liabilities by 365.57% % (2016:373.72%). The coverage indicates that the municipality operates as a going concern.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Borrowing, investments and cash

The accounting officer may after approval of the Council exercise all the powers of the municipality to borrow money, as he considers appropriate needs. Interest-bearing debt did not increase in the year ended 30 June 2017. In the financial year ended 30 June 2017 the municipality redeemed interest-bearing debt of R 22 628 117. The interest paid on borrowings as a percentage of total expenditure is 2.94% (2016: 2.80%).

Investments as at 30 June 2017 amounted to R90 000 000 (2016: R 80 000 000). Investments and cash and cash equivalents increased from R 167 422 999 to R182 578 150.

Additional information regarding cash and cash equivalents, investments and loans is provided in notes 3, 9, 18 and Appendix A to the financial statements.

6. Capital expenditure

The capital expenditure incurred during the year 2017 amounted to R 101 712 570 (2016: R 83 570 395) that represented 73.09 % (2017: 69.23%) of the approved capital budget of R 139 166 261 (2016: R 120 717 509). A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix H (A5), while Appendix B contains detail according to the asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

7. Cash flow analysis

Details of major changes in the nature of the municipality during the year were as follows:

Summary of net cash flows	2017	2016
Net cash flows from operating activities	139 303 026	75 401 625
Net cash flows from investing activities	(111 154 175)	(130 647 886)
Net cash flows from financing activities	(22 993 700)	35 738 481
Net increase/(decrease) in cash and cash equivalents	5 155 151	(19 507 780)

8. Credit rating

The municipality was rated by Moody's Investor Services during the 2017 financial year. Their rating and outlook for the municipality was a Ba2.za rating due to the negative outlook on South African sovereign rating. To monitor our credit rating and capacity for long-term financing we consider various qualitative and quantitative factor. At 30 June 2017 and 30 June 2016 the current ratio was 1.83:1 and 2.10:1 respectively. This reflects an increase in the ratio.

9. Accounting Officer

The accounting officer of the municipality during the year under review of this report is as follows:

Name	Nationality
D. McThomas	South African

10. Auditors

Auditor-General of South Africa will continue in office for the next financial period as per the Public Audit Act.

Report of the Auditor-General

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	92 578 150	87 422 999
Receivables from exchange transactions	4	81 239 254	77 246 565
Receivables from non-exchange transactions	5	30 138 581	26 015 905
Other receivables from non-exchange transactions	6	6 753 707	6 546 340
Inventories	7	11 431 752	17 894 588
VAT receivable	8	3 280 811	214 206
Short term investments	9	90 000 000	80 000 000
Long term receivables	14	1 549 212	946 805
		316 971 467	296 287 408
Non-Current Assets			
Investment property	10	21 018 000	20 625 499
Property, plant and equipment	11	1 907 021 093	1 896 342 522
Intangible assets	12	5 094 081	5 395 374
Heritage assets	13	36 631 059	36 631 059
Long term receivables	14	5 405 709	6 301 712
		1 975 169 942	1 965 296 166
Total Assets		2 292 141 409	2 261 583 574
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	93 643 838	67 943 497
Consumer deposits	16	3 680 515	4 048 101
Unspent conditional grants and receipts	17	28 363 641	17 965 618
Long term liabilities	18	17 199 997	22 628 117
Employee benefit obligation	19	29 739 058	27 585 981
Provisions	20	986 994	918 762
		173 614 043	141 088 076
Non-Current Liabilities			
Long term liabilities	18	223 718 063	240 918 059
Employee benefit obligation	19	150 746 276	150 099 482
Provisions	20	78 930 239	73 053 172
		453 394 578	464 070 713
Total Liabilities		627 008 621	605 158 789
Net Assets		1 665 132 788	1 656 424 785
Accumulated surplus		1 665 132 788	1 656 424 785

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	496 579 904	467 894 001
Income from agency services		6 901 991	6 610 177
Licences and permits		3 176 103	3 106 259
Rental income	22	14 387 630	13 501 163
Other income	23	15 366 488	18 795 851
Finance income	24	21 423 924	14 758 197
		557 836 040	524 665 648
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	119 185 527	104 695 630
Property rates - penalties imposed and collection	25	1 385 656	1 001 455
Transfer revenue			
Government grants and subsidies	26	173 909 694	156 196 707
Fines, penalties and forfeits	27	75 462 684	69 120 556
		369 943 561	331 014 348
Total revenue		927 779 601	855 679 996
Expenditure			
Employee related costs	28	(249 897 162)	(230 823 488)
Remuneration of councillors	29	(15 615 160)	(15 309 268)
Debt Impairment	30	(75 076 891)	(75 455 683)
Depreciation, amortisation and impairment	31	(89 085 633)	(88 158 866)
Rehabilitation	20	(5 035 848)	(2 868 157)
Bulk purchases	32	(274 376 156)	(255 455 796)
Finance costs	33	(27 803 683)	(24 301 464)
Collection costs		(49 638)	(96 777)
Repairs and maintenance	34	(64 327 751)	(48 926 842)
Contracted services	35	(11 012 829)	(9 399 630)
Grants and subsidies paid	36	(310 000)	(279 600)
Contributions to employee benefits	37	(21 740 308)	(17 083 162)
General expenses	38	(99 845 934)	(94 486 619)
		(934 176 993)	(862 645 152)
Operating deficit		(6 397 392)	(6 965 156)
Actuarial gains/(losses)	37	15 677 615	(3 887 725)
Fair value adjustments	39	736 880	1 894 839
Loss on disposal of assets		(1 900 002)	(1 746 774)
		14 514 493	(3 739 660)
Surplus (deficit) for the year		8 117 101	(10 704 816)

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 666 062 357	1 666 062 357
Balance at 01 July 2015 as restated*	1 666 062 357	1 666 062 357
Changes in net assets		
Net income recognised directly in net assets	1 067 244	1 067 244
Deficit for the year	(10 704 816)	(10 704 816)
Total changes	(9 637 572)	(9 637 572)
Balance at 30 June 2016	1 656 424 785	1 656 424 785
Changes in net assets		
Net income (losses) recognised directly in net assets	590 902	590 902
Surplus for the year	8 117 101	8 117 101
Total recognised income and expenses for the year	8 708 003	8 708 003
Total changes	8 708 003	8 708 003
Balance at 30 June 2017	1 665 132 788	1 665 132 788

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from services and rate payers		649 298 013	599 220 929
Cash receipts from government and other grants		182 533 060	150 997 533
Finance income: investing activities		20 873 821	14 469 071
		<u>852 704 894</u>	<u>764 687 533</u>
Payments			
Cash paid to employees		(268 775 143)	(248 537 582)
Cash paid to suppliers		(416 136 605)	(415 998 070)
Finance costs		(28 180 121)	(24 470 656)
Grants paid		(310 000)	(279 600)
		<u>(713 401 869)</u>	<u>(689 285 908)</u>
Net cash flows from operating activities	41	<u>139 303 025</u>	<u>75 401 625</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(101 512 862)	(83 244 346)
Proceeds from sale of property, plant and equipment	11	397 904	1 072 887
Proceeds from sale of investment property	10	-	392 200
Purchase of Intangible assets	12	(197 970)	(326 048)
Decrease in long term receivables		158 753	1 457 641
Increase in investments		(10 000 000)	(50 000 000)
Net cash flows from investing activities		<u>(111 154 175)</u>	<u>(130 647 886)</u>
Cash flows from financing activities			
Movement in long term liabilities		(22 628 116)	35 373 140
Movement in consumer deposits		(365 584)	385 341
Net cash flows from financing activities		<u>(22 993 700)</u>	<u>35 738 481</u>
Net increase/(decrease) in cash and cash equivalents		5 155 150	(19 507 780)
Cash and cash equivalents at the beginning of the year		87 422 999	106 930 779
Cash and cash equivalents at the end of the year	3	<u>92 578 149</u>	<u>87 422 999</u>

* See Note 50

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
STATEMENT OF BUDGET COMPARISON
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2016/17						2015/16					
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	111,087	115	113,202	120,571		7,369	105.5%	105.5%				104,566
Service charges	504,250	(4)	505,246	503,535		(1,710)	99.7%	99.7%				474,857
Investment revenue	10,000	2,000	12,000	17,173		5,173	143.1%	171.7%				10,919
Transfers recognised - operational	134,048	4,452	138,500	115,737		(22,763)	83.6%	86.3%				116,148
Other own revenue	101,338	25,566	126,004	113,009		(12,995)	89.7%	112.5%				111,577
Total Revenue (excluding capital transfers and contributions)	862,723	32,229	894,953	870,025		(24,927)	97.2%	100.5%				818,067
Employee costs	270,803	(16,955)	254,238	249,882	-	(4,356)	98.3%	92.3%	-	-	-	230,802
Remuneration of councillors	14,168	(483)	15,684	15,615	-	(69)	99.6%	96.5%	-	-	-	15,309
Depreciation & asset impairment	84,095	-	84,095	89,086	-	4,991	105.9%	105.9%	-	-	-	88,159
Finance charges	26,412	-	26,412	27,804	-	(608)	97.9%	97.9%	-	-	-	24,301
Materials and bulk purchases	33,117	10,227	341,344	339,476	-	(1,868)	99.5%	102.5%	-	-	-	305,103
Transfers and grants	738	-	738	310	-	(428)	42.0%	42.0%	-	-	-	280
Other expenditure	18,469	32,556	215,035	197,909	-	(17,126)	92.0%	108.5%	-	-	-	204,857
Total Expenditure	913,800	25,745	939,545	920,681	-	(19,464)	97.9%	100.7%	-	-	-	858,821
Surplus/(Deficit)	(51,077)	6,485	(44,592)	(50,656)		(1,463)	112.3%	98.0%				(50,754)
Transfers recognised - capital	51,960	20,835	72,795	58,173		(14,622)	79.9%	112.0%				40,049
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	882	21,320	28,203	8,117		(21,085)	28.8%	920.1%				(10,705)
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	882	21,320	28,203	8,117		(21,085)	28.8%	920.1%				(10,705)
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	51,960	20,835	72,795	57,738		(15,057)	79.3%	111.1%				38,081
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	20,228	22,599	42,826	25,700		(17,127)	59.0%	127.1%				23,297
Internally generated funds	16,291	7,254	23,545	18,272		(5,272)	77.6%	112.2%				22,193
Total sources of capital funds	88,478	50,688	139,166	101,711		(37,455)	73.1%	115.0%				83,570
Cash flows												
Net cash from (used) operating	85,560	21,311	106,871	139,303		32,432	160.3%	152.6%				75,402
Net cash from (used) investing	(88,428)	(50,688)	(139,116)	(111,154)		27,952	9.9%	125.7%				(130,648)
Net cash from (used) financing	(21,674)	-	(21,674)	(22,994)	12	(1,320)	106.1%	106.1%				35,738
Cash/cash equivalents at the year end	110,053	3,452	(53,918)	92,578	12	146,497	-1.7%	84.1%				87,423

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
Statement of Budget Comparison

Material Variance Explanations 30 June 2017

Description	Final Budget 30 June 2017	Revenue/ Expenditure 30 June 2017	% Variance/ Variances greater than R50 000	Reasons for Material Deviations	Impact on Service Delivery
Revenue By Source					
Property rates	112,202,293	119,165,528	6	Revenue recognised from the rates collection of public services are higher than anticipated	Positive
Property rates - penalties & collection charges	1,030,000	1,385,656	39	Penalties recognised from arrears rates accounts are higher than anticipated	Positive
Service charges - water revenue	54,158,590	58,432,480	8	More revenue recognised from residential water usage as anticipated	Positive
Service charges - sanitation revenue	58,398,260	48,285,351	-17	Revenue recognised from municipal/ departmental sanitation usage are less than anticipated	Positive
Service charges - refuse revenue	33,433,270	36,742,585	10	Revenue recognised from the refuse collection of sportgrounds are higher than anticipated	Positive
Service charges - other	-25,788,090	-17,873,856	-31	Departmental levies recognised from electricity and water services are less than anticipated	Positive
Interest earned - external investments	12,000,000	17,172,846	43	Additional interest received on the current account at ABSA bank, and additional cash on hand are also invested, due to the underspending of the capital budget	Positive
Interest earned - outstanding debtors	4,000,000	4,251,078	6	Interest earned from arrears municipal service accounts are higher than anticipated	Positive
Fines	87,719,390	75,462,684	-14	The Provision for Bad Debts: Traffic Fines was less than anticipated	Positive
Licences and permits	2,987,260	3,176,104	6	Over collection on income from temporary driver's licence	Positive
Transfers recognised - operational	138,500,249	115,737,020	-16	Under spending on Provincial Housing Grant expenditure	None
Transfers recognised - capital	72,794,986	58,172,673	-20	Under spending on Provincial Housing Grant expenditure	None
Gains on disposal of PPE	1,060,000	350,679	-67	Gains from the disposal of assets (Insurance Claims) are less than anticipated	Positive
Expenditure By Type					
Depreciation & asset impairment	94,094,921	89,085,633	6	Additional depreciation was calculated after the "Review of Useful Lives" process, and also after the unbundling of capitalised assets	None
Transfers and grants	737,600	310,000	-58	There were delays in a project of R424 000	None
Other expenditure	128,116,449	109,568,373	-14	Under spending on Provincial Housing Grant expenditure	None
Loss on disposal of PPE	230,490	2,850,681	876	Losses from the disposal of assets (Insurance Claims) are higher than anticipated	None
Capital Expenditure					
TECHNICAL SERVICES					
Worcester WWTW - Ballpresses	43,340,131	33,629,470	(9,710,661)	The DoHS Western Cape contributed R10 million towards the Worcester Waste Water Treatment Works Sludge Handling Facility during the 2016/2017 FY. The amount of R 10 million was included in BVM's budget during the adjustment budget of February 2017. Budget Roll-Over is required for completion of the Works towards the end of October 2017. Multi year project.	Multi year project. Due completion date towards the end of October 2017. No impact on service delivery.
Langaug - Reservoirs	10,762,348	10,710,648	(51,700)	Contract BV 592 due completion date towards the end of May 2017. Multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. Due completion date towards the end of May 2018. No impact on service delivery.
Surfacing of Roads					
Breed Valley: Roads	2,000,000	1,719,491	(280,519)	Contract BV 557 due completion date towards the end of September 2017. Multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. Due completion date towards the end of September 2017. No impact on service delivery.
Paving of Municipal Roads	1,000,000	795,997	(204,003)	Due completion date towards the end of September 2017. Multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. Due completion date towards the end of September 2017. No impact on service delivery.
Upgrading of Gravel Roads					
Zwelatamba IDT Roads	1,836,912	458,670	(1,378,242)	Contract BV 496 behind programme. Contractor currently pays penalties due to late completion.	Has an impact on vehicle access to properties in the vicinity of the works.
Hax Industria Roads	1,165,901	698,087	(467,814)	Contract BV 497 practical completion date 21 April 2017. This variance is a saving to the project.	No impact on service delivery.
De Doorns East Roads	1,159,356	609,020	(550,336)	Contract BV 495 practical completion date 30 March 2017. The variance is a saving to the project.	No impact on service delivery.
Networks					
Upgrading of Storm Water Network - All Wards	659,557	149,488	(510,069)	The budget forms part of the De Doorns Barlinks Street Stormwater project. The latter is a multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. Due completion date towards the end of 2016/2017 FY. No impact on service delivery.
Networks					
Replacement of Water Network (Roll-over)	7,995,800	4,727,510	(3,268,290)	Due completion date of Phase 1 is towards the end of September 2017. Multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. No impact on service delivery.
Replacement of Sewer Network (Roll-over)	3,000,000	1,832,309	(1,167,691)	Due completion date of Phase 1 is towards the end of September 2017. Multi year project which is funded from the 2016/2017 and 2017/2018 FY budget.	Multi year project. No impact on service delivery.
Electricity (8112)					
Energy Efficient LED lights - DOE	4,000,000	3,331,684	(668,316)	Tender amount lower than grant funding received Project De Doorns and Touwsriver completed - Savings requested to be rolled over to extend energy savings project to Worcester area.	No impact.
Ward 2					
De Doorns : Transfer Station	687,959	481,815	(206,144)	Tender awarded June 2017. Commenced after July 2017 with new budget.	Commence with construction in new finance year.
Mini drop off facilities : De Doorns	250,000	185,840	(64,160)	Tendered prices were more than R84000 per facility.	Constructed only 3 facilities with available capital
De Doorns: New Street Lights (MIG Project Number 153229)	483,457	330,957	(152,500)	De Doorns Project completed - Savings due to inhouse installation procurement and installation.	No impact.
Ward 17					
Zwelatamba: Upgrades Midblock Phase no 1 & 2 (Roll-over)	1,000,000	893,517	(106,483)	Project completed with the amount as a savings - Tender Lower than budgeted	No impact.

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
Statement of Budget Comparison

Material Variance Explanations 30 June 2017

Description	Final Budget 30 June 2017	Revenue/Expenditure 30 June 2017	% Variance/Variances greater than R50 000	Reasons for Material Deviations	Impact on Service Delivery
Ward 18					
Zwelethemba Upgrades Off lines Phase 1 (Roll-over)	500,000	423,375	(70,625)	Project completed with the amount as a savings - Tender Lower than budgeted	No impact
SERVICE CONNECTIONS (Depending on Public Contr)					
Sewer Connections	124,020	40,395	(83,625)	Expenditure only occurs when there is application for service connections.	No impact
Water Connections	202,460	67,200	(135,260)	Expenditure only occurs when there is application for service connections.	No impact
Electricity Network Extensions	828,320	592,715	(235,605)	Expenditure only occurs when there is application for service connections.	No impact
Municipal Manager					
Project Management - 0615					
Rugby/soccer pitch - Avianpark	1,500,000	1,037,607	(462,393)	Savings were made. Work is complete	Can be re-prioritised for other RSEP projects
Rugby/soccer pitch - Riverview	1,500,000	1,037,607	(462,393)	Savings were made. Work is complete	Can be re-prioritised for other RSEP projects
Netsball/basketball - Roodewal	576,714	0	(576,714)	Funding to be re-prioritised. This is subject to the Provincial Rollover Process	Can be re-prioritised for other RSEP projects
Pedestrian walkways - Avian Park, Riverview, Roodewal	4,287,861	66,559	(4,221,303)	Objection against tender award and time it took to finalise lead to award being cancelled without the option of re-awarding to other bidder or re-advertising	Tender will have to be re-advertised if roll-over application for grant funding is approved
Upgrading of playparks - Avian Park, Riverview, Roodewal, Zwelethemba	938,930	434,995	(503,935)	Savings were made. Work is complete	Can be re-prioritised for other RSEP projects
Containerised community facility	1,215,331	614,448	(600,883)	One of two facilities was completed with grant funding, roll-over of own funds will enable construction of second facility	None
Community Services					
Townswriter: 9CC					
Roads	800,200	135,369	(604,831)	Planning of human settlements project is normally completed over a period longer than one financial year. The total funding for this project is allocated in the budget and the planning is projected to be completed in 2018/2019 financial year.	There is no impact to service delivery as the funds is rollover to 2017/2018
Water	800,200	135,369	(604,831)	Planning of human settlements project is normally completed over a period longer than one financial year. The total funding for this project is allocated in the budget and the planning is projected to be completed in 2018/2019 financial year.	There is no impact to service delivery as the funds is rollover to 2017/2018
Stormwater	329,180	135,369	(193,811)	Planning of human settlements project is normally completed over a period longer than one financial year. The total funding for this project is allocated in the budget and the planning is projected to be completed in 2018/2019 financial year.	There is no impact to service delivery as the funds is rollover to 2017/2018
SPORT: Townswriter - 5139					
Upgrading fence & facilities - Touw Park	471,600	374,649	(96,951)	Project completed with the amount as a savings - Tender Lower than budgeted	No impact
SPORT: Steenvliet -					
Upgrade Cricket Field	450,000	355,930	(94,070)	Project completed with the amount as a savings - Tender Lower than budgeted	No impact
SPORT: De Doorns West - 5145					
Upgrade of De Doorns sport facilities	148,280	95,280	(53,000)	Project completed with the amount as a savings - Tender Lower than budgeted	No impact
WATERLOO LIBRARY - 4506					
New study computer facility 2012/2013	5,000,000	120,499	(4,879,501)	Breede Valley do not have a internal project manager, a process to appoint a service provider was done. The plans for the library was done by a department of Housing, free of charge and this was also time consuming. The roll over application process was done.	No Impact
FIRE DEPARTMENT: ADMIN - 4203					
Completion of De Doorns Fire Station	5,705,500	4,228,138	(1,477,362)	The reason for the variance is due to the contractor being late with the completion of the project. Penalties are being incurred at a daily rate of R2500.	No impact - fire department situated in a building at De Doorns.
Fire Engine: Superstructure	1,500,000	0	(1,500,000)	This amount received was grant funding from the Western Cape Disaster Management & Fire Service to assist with capacity building. The reason for variance is due to supply chain process and the tender validity that expired.	High due to limitations and age of current vehicle fleet
FINANCIAL SERVICES					
Financial Planning					
Safeguarding of Assets	500,000	322,426	(177,574)	SCM process on upgrading of Municipal Stores fence could not be finalised before 30 June 2016	High. Safety of stock at risk.
Insurance claims	300,000	65,129	(233,871)	Expenditure only incurs when insurance claim occurs	None
STRATEGIC SUPPORT SERVICES					
INFORMATION TECHNOLOGY - 2114					
Disaster Recovery Site	1,342,543	0	(1,342,543)		

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Statement of Budget Comparison

Material Variance Explanations 30 June 2017

Description	Final Budget 30 June 2017	Revenue/Expenditure 30 June 2017	% Variance/Variances greater than R50 000	Reasons for Material Deviations	Impact on Service Delivery
Veriments to Final Adjustment Budget (Reconciliation of Budget Summary)					
Operating Expenditure					
Employee related costs	Changes between the Final Budgeted amounts and the Final Adjustment Budget of 29 May 2017: Veriments was approved by the Chief Financial Officer and it was done in line with the Approved Virement Policy of 2016/2017				
Bulk purchases					
Other materials					
Contracted Services					
Other expenditure					
Cash flow					
Cash/ Cash Equivalents at the year end	Changes between the Final Budgeted amounts and the Final Adjustment Budget of 29 May 2017. Virements was approved by the Chief Financial Officer and it was done in line with the Approved Virement Policy of 2016/2017				

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. Amounts reflected in the financial statements are presented in South African Rand. Financial values are rounded to the nearest Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied except where exemption has been granted, are disclosed below.

The accounting policies applied are consistent with those used to present the previous year's financial statements.

The financial statements have been prepared on a going concern basis.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realizable value at the end of each reporting period. An allowance for inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus/deficit.

Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value of long-term receivables is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the recoverable amount assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Value in use of cash generating assets:

Cash generating assets are assets held with the primary objective of generating a commercial return.

The municipality reviews and tests the carrying value of cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest rates.

Value in use of non-cash generating assets:

Non-cash generating assets are assets other than cash generating assets.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the following information:

Professional engineers were utilized to determine the cost of rehabilitation of landfill sites, as well as the remaining useful life of each Landfill site. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

At the end of each reporting period the municipality assesses whether there is any indication that the municipality's expectations about the residual value and the useful life of Property, Plant and Equipment has changed since the preceding reporting period. If any such indication exists, the municipality revises the useful life and/or the residual value. These changes are accounted for as a change in accounting estimate and are disclosed in the notes to the financial statements relating to Change in Accounting Estimates in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

Post retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations is actuarially determined by independent qualified actuaries on an annual basis. The present value depends on a number of factors, including but not limited to discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases, that are determined on an actuarial basis. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

Post retirement benefits (Continued)

Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 19 - Employee Benefits.

Long Service Awards

Long Service Awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans are valued by independent qualified actuaries on an annual basis and the corresponding liability is raised. Payments are set off against the liability, including notional interest, resulting from the actuarial valuation and are recognized in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the adjustments and changes in actuarial assumptions is recognized in the Statement of Financial Performance in the period that it occurs.

Staff Leave Accrual

The Municipality provides for annual leave as they accrue to employees. The liability is based on the total amount of leave days accrued to employees at year end and the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current year's entitlement is not used in full. The provision will be realised as employees take leave or when employment is terminated, whereupon the leave accrued to the employee that has not been used, is paid out.

Performance Bonus Accrual

The Municipality recognises a provision relating to the anticipated costs of performance bonuses payable to Section 57 employees, as the costs accrue to the specific employees. Municipal bonus provisions are based on the employment contract stipulations and previous performance bonus trends.

13th Cheque Accrual

The Municipality recognises a provision relating to the anticipated costs of 13th Cheques as they accrue to employees. The liability at year end is based on the bonus accrued to each employee at yearend.

Effective interest rate

The municipality used the prime rate to discount future cash flows.

Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that is associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value.

Fair value

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the municipality determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the municipality measures that investment property using the cost model (as per the accounting policy on property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (See Note 10)

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	
• Buildings		10 - 100 years
• Recreational facilities		15 - 100 years
Infrastructure	Straight line	
• Cemeteries		25 - 60 years
• Electricity		5 - 25 years
• Housing		20 - 100 years
• Landfill sites		1 - 55 years
• Pedestrian Malls		20 years
• Roads and paving		50 - 80 years
• Security		3 - 25 years
• Sewerage		15 - 75 years
• Water		15 - 100 years
Land		indefinite

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Property, plant and equipment (continued)

Other property, plant and equipment	Straight line	
• Furniture and fixtures		2 - 20 years
• Specialised property, plant and equipment		5 - 20 years
• Specialist vehicles		5 - 30 years
• Other equipment		5 - 20 years
• Other vehicles		5 - 30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements. See Note 11.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 11.

1.4 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes:

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located;
- changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and
- the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 - 5 years
Right to access of water	99 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the asset is derecognised.

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value can be measured reliably.

Where the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 13 Heritage assets.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

Subsequent to initial measurement classes of heritage assets are carried at cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term receivables	Financial asset measured at amortised cost
Short term investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipal-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written-off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written-off are credited against operating expenses.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.7 Financial instruments (continued)

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment losses; and
- Amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Statutory receivables (continued)

Impairment losses

The municipality assesses at the end of each reporting date whether there is any indication that a statutory receivable or group of statutory receivables is impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.9 Inventories (continued)

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Include the criteria how Breede distinguish between cash-generating assets from non-cash generating assets. This is a specific GRAP requirement. In the FAQ's there is a list of possible criterias.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

Include the criteria how non-cash generating assets are distinguish. This is a specific GRAP requirement

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Value-added Tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act (Act 89 of 1991).

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Any contingent rent are expensed in the period in which they are incurred.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell-phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.15 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is a:

- possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounts for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10 and 1.11.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.17 Revenue from exchange transactions

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.18 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue, is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exists in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events given rise to the transfer occurred.

1.21 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.21 Commitments (continued)

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 50 for detail.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 July 2015 to 30 June 2016.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.27 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions within related parties not at arm's length or not in the ordinary course of business are disclosed.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statement.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as revised 2015) Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- the encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

GRAP 17 (as revised 2015) Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has adopted the amendment for the first time in the 2017 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers: definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard. The impact of this standard is currently being assessed

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers: definitions, control, accounting requirements, investment entities, fair value requirement, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 36: Investments In Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers: definitions, significant influence, equity method, application of the equity method, separate financial statements, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers: definitions, joint arrangements, financial statements and parties to a joint arrangement, separate financial statements, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers: definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources.

It furthermore covers: definitions, recognition, measurement, depreciation, impairment, compensation for impairment, transfers, derecognition, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets (GRAP 103). As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date.

The impact of this interpretation is currently being assessed.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
- IPSASB amendments: to align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: to clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued; To clarify acceptable methods of depreciating assets; to align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology, and to define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: to update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: to update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: to add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IPSASB amendments: to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and to clarify acceptable methods of depreciating assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: to clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: to require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality expects to adopt the amendment for the first time in the 2018 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2 New standards and interpretations (continued)

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- close member of the family of a person;
- management;
- related parties;
- remuneration; and
- significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers: definitions, identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

GRAP 18 Segment reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in the budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

This Standard has been approved by the Accounting Standards Board, but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	31 825	31 825
Bank balances	92 546 325	87 391 174
	92 578 150	87 422 999

Refer to note 56 on the additional disclosures required by the Municipal Finance Management Act where the detail regarding the bank balances are disclosed.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Credit rating		
ABSA (P-2)	92 546 325	87 391 174
ABSA (P-2)	15 000 000	10 000 000
Nedbank (P-1)	40 000 000	30 000 000
Investec (P-1)	5 000 000	20 000 000
Standard Bank (P-3)	30 000 000	20 000 000
	182 546 325	167 391 174

P-1 Issuers (or supporting institutions) rated Prime -1 have a superior ability to repay short term debt obligations

P-2 Issuers (or supporting institutions) rated Prime -2 have a strong ability to repay short term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime -3 have an acceptable ability to repay short term debt obligations

4. Receivables from exchange transactions

Gross balances		
Availability charges	4 863 273	4 031 624
Electricity	50 221 392	47 397 153
Housing rental	5 197 819	4 972 218
Housing selling schemes	135 566	590 867
Refuse	15 283 560	13 189 711
Sewerage	25 172 718	21 845 855
Sundries	4 327 720	4 454 902
Water	23 273 495	18 404 469
	128 475 543	114 886 799
Less: Allowance for impairment		
Availability charges	(4 129 524)	(3 319 398)
Electricity	(2 046 287)	(1 356 490)
Housing rental	(3 667 308)	(3 305 775)
Housing selling schemes	(6 370)	(231 664)
Refuse	(10 182 104)	(8 224 787)
Sewerage	(16 213 729)	(13 088 076)
Sundries	(2 001 744)	(1 518 344)
Water	(8 989 223)	(6 595 700)
	(47 236 289)	(37 640 234)

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
4. Receivables from exchange transactions (continued)		
Net balance		
Availability charges	733 749	712 226
Electricity	48 175 105	46 040 663
Housing rental	1 530 511	1 666 443
Housing Selling schemes	129 196	359 203
Refuse	5 101 456	4 964 924
Sewerage	8 958 989	8 757 779
Sundries	2 325 976	2 936 558
Water	14 284 272	11 808 769
	81 239 254	77 246 565
Electricity		
Current (0 -30 days)	47 609 068	44 478 450
31 - 60 days	477 720	1 085 041
61 - 90 days	251 940	135 758
91 - 120 days	158 156	112 552
121 - 365 days	1 724 508	1 585 352
Less: Allowance for impairment	(2 046 287)	(1 356 490)
	48 175 105	46 040 663
Water		
Current (0 -30 days)	11 936 564	9 166 711
31 - 60 days	1 155 894	1 042 754
61 - 90 days	781 410	829 031
91 - 120 days	903 567	688 869
121 - 365 days	8 496 060	6 677 104
Less: Allowance for impairment	(8 989 223)	(6 595 700)
	14 284 272	11 808 769
Sewerage		
Current (0 -30 days)	4 488 604	4 595 154
31 - 60 days	1 129 721	1 237 269
61 - 90 days	966 478	1 056 780
91 - 120 days	909 394	950 726
121 - 365 days	17 678 521	14 005 926
Less: Allowance for impairment	(16 213 729)	(13 088 076)
	8 958 989	8 757 779
Refuse		
Current (0 -30 days)	2 457 111	2 557 653
31 - 60 days	668 286	706 653
61 - 90 days	586 364	629 467
91 - 120 days	554 994	577 234
121 - 365 days	11 016 805	8 718 704
Less: Allowance for impairment	(10 182 104)	(8 224 787)
	5 101 456	4 964 924

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
4. Receivables from exchange transactions (continued)		
Availability charges		
Current (0 -30 days)	401 580	365 370
31 - 60 days	199 123	168 594
61 - 90 days	178 028	154 558
91 - 120 days	174 053	149 704
121 - 365 days	3 910 489	3 193 398
Less: Allowance for impairment	(4 129 524)	(3 319 398)
	733 749	712 226
Housing Selling Schemes		
Current (0 -30 days)	15 652	38 000
31 - 60 days	3 963	23 365
61 - 90 days	3 305	23 221
91 - 120 days	3 403	24 695
121 - 365 days	109 243	481 586
Less: Allowance for impairment	(6 370)	(231 664)
	129 196	359 203
Housing rental		
Current (0 -30 days)	326 364	358 999
31 - 60 days	214 076	263 445
61 - 90 days	195 373	221 020
91 - 120 days	191 196	220 653
121 - 365 days	4 270 810	3 908 101
Less: Allowance for impairment	(3 667 308)	(3 305 775)
	1 530 511	1 666 443
Sundries		
Current (0 -30 days)	1 672 598	1 864 721
31 - 60 days	102 005	156 308
61 - 90 days	378 421	88 506
91 - 120 days	61 253	509 954
121 - 365 days	2 113 443	1 835 413
Less: Allowance for impairment	(2 001 744)	(1 518 344)
	2 325 976	2 936 558
Summary of receivables by customer classification		
Consumers		
Current (0 -30 days)	58 921 649	45 684 625
31 - 60 days	3 378 251	3 373 441
61 - 90 days	2 857 104	2 260 524
91 - 120 days	2 527 638	2 329 706
121 - 365 days	42 172 576	29 103 859
	109 857 218	82 752 155

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
4. Receivables from exchange transactions (continued)		
Industrial/ commercial		
Current (0 -30 days)	7 652 209	14 987 802
31 - 60 days	438 737	1 106 728
61 - 90 days	371 055	741 613
91 - 120 days	328 267	764 309
121 - 365 days	5 476 991	9 548 132
	14 267 259	27 148 584
National and provincial government		
Current (0 -30 days)	2 333 684	2 752 633
31 - 60 days	133 801	203 260
61 - 90 days	113 160	136 203
91 - 120 days	100 111	140 372
121 - 365 days	1 670 311	1 753 592
	4 351 067	4 986 060
Total		
Current (0 -30 days)	68 907 541	63 425 059
31 - 60 days	3 950 789	4 883 429
61 - 90 days	3 341 318	3 138 340
91 - 120 days	2 956 016	3 234 386
121 - 365 days	49 319 879	40 405 585
	128 475 543	114 888 799
Less: Allowance for impairment	(47 236 289)	(37 640 234)
	81 239 254	77 246 565
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(3 132 900)	(3 425 562)
61 - 90 days	(2 649 602)	(2 295 450)
91 - 120 days	(2 344 064)	(2 365 700)
121 - 365 days	(39 109 722)	(29 553 522)
	(47 236 288)	(37 640 234)
Total receivables past due but not impaired		
31 - 60 days	817 889	1 257 868
61 - 90 days	691 717	842 890
91 - 120 days	611 951	868 686
121 - 365 days	10 210 156	10 852 063
	12 331 713	13 821 507
Receivables from exchange transactions impaired:		
As of 30 June 2017, receivables from exchange transactions were impaired by R 47 236 289 (2016: R 37 640 234) and provided for.		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(37 640 233)	(30 128 199)
Contributions to allowance	(26 650 552)	(20 720 203)
Debt impairment written off against allowance	17 054 496	13 208 168
	(47 236 289)	(37 640 234)

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
4. Receivables from exchange transactions (continued)		
Receivables from exchange transactions past due but not impaired		
The Council regards receivables from exchange transactions to be due for outstanding amounts more than 30 days to be past due. The impairment of receivables from exchange transactions is calculated based on the historic payment rate per individual receivable.		
As of 30 June 2017 receivables from exchange transactions of R 12 331 713 (2016: R 13 821 507) were past due not impaired.		
Credit quality of receivables from exchange transactions		
The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
5. Receivables from non-exchange transactions		
Gross balances		
Rates	24 648 774	22 781 289
Traffic fines	81 507 100	63 926 740
Traffic revenue receivable	59 671	59 671
Receivables fraud	29 999	377 620
Government subsidies	154 044	1 928 701
Housing board subsidies	422 643	422 643
	106 822 231	89 476 664
Less: Allowance for impairment		
Rates	(13 163 301)	(10 639 865)
Traffic fines	(63 520 349)	(52 820 894)
	(76 683 650)	(63 460 759)
Net balance		
Rates	11 485 473	12 121 424
Traffic fines	17 986 751	11 105 846
Traffic revenue receivable	59 871	59 671
Receivables fraud	29 999	377 620
Government subsidies	154 044	1 928 701
Housing board subsidies	422 643	422 643
	30 138 581	26 015 905
Rates		
Current (0 -30 days)	6 839 653	8 378 184
31 - 60 days	1 134 424	1 012 631
61 - 90 days	1 149 426	614 159
91 - 120 days	610 472	510 274
121 - 365 days	14 914 802	12 246 041
Less: Allowance for impairment	(13 183 304)	(10 639 865)
	11 485 473	12 121 424

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
5. Receivables from non-exchange transactions (continued)		
Summary of receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	5 848 469	6 034 747
31 - 60 days	970 027	729 391
61 - 90 days	982 854	442 375
91 - 120 days	522 004	367 547
121 - 365 days	12 753 373	8 820 737
	21 076 727	16 394 797
Industrial/ commercial		
Current (0 -30 days)	759 546	1 979 826
31 - 60 days	125 978	239 292
61 - 90 days	127 644	145 130
91 - 120 days	67 793	120 582
121 - 365 days	1 656 292	2 893 828
	2 737 253	5 378 658
National and provincial government		
Current (0 -30 days)	231 638	363 611
31 - 60 days	38 419	43 948
61 - 90 days	38 927	26 854
91 - 120 days	20 675	22 148
121 - 365 days	505 117	531 476
	834 776	987 835
Total		
Current (0 -30 days)	6 839 653	8 378 184
31 - 60 days	1 134 424	1 012 631
61 - 90 days	1 149 426	614 159
91 - 120 days	610 472	510 274
121 - 365 days	14 914 802	12 248 041
	24 648 777	22 761 289
Less: Allowance for impairment	(13 163 304)	(10 639 865)
	11 485 473	12 121 424
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(838 491)	(749 091)
61 - 90 days	(849 579)	(454 322)
91 - 120 days	(451 221)	(377 474)
121 - 365 days	(11 024 010)	(9 058 978)
	(13 163 301)	(10 639 865)
Total receivables past due but not impaired		
31 - 60 days	295 933	263 540
61 - 90 days	299 847	159 837
91 - 120 days	159 252	132 800
121 - 365 days	3 890 769	3 187 062
	4 645 801	3 743 239

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
5. Receivables from non-exchange transactions (continued)		
Reconciliation of Traffic fines		
Opening balance	11 105 845	10 901 161
Receivables Traffic Fines	17 580 360	42 359 795
Provision for impairment	(10 699 455)	(42 155 111)
	17 986 750	11 105 845
Receivables from non-exchange transactions impaired		
As of 30 June 2017, receivables from non-exchange transactions were impaired by R 76 683 650 (2016: R 63 460 759) and provided for.		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(10 639 865)	(6 896 714)
Contributions to allowance	(4 315 009)	(4 484 147)
Debt impairment written off against allowance	1 791 571	740 996
	(13 163 303)	(10 639 865)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(52 820 894)	(10 665 784)
Contributions to allowance	(45 695 105)	(51 271 895)
Debt impairment written off against allowance	34 995 650	9 116 785
	(63 520 349)	(52 820 894)
Credit quality of receivables from non-exchange transactions		
The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
6. Other receivables from non-exchange transactions		
Loans granted	3 054	4 525
Interest receivable	1 287 898	737 796
Prepaid expenses	3 848 510	3 579 128
Recoverable expenses	52 078	59 702
PAYE: Personnel	931 731	931 731
Other receivables	632 812	1 237 336
Less: Allowance for impairment	(2 376)	(3 878)
	6 753 707	6 546 340
Other receivables from exchange transactions impaired		
As of 30 June 2017, other receivables transactions were impaired by R 2 376 (2016: R3 878) and provided for.		
Reconciliation of allowance for impairment		
Opening balance	(3 878)	(4 670)
Increase in provision for the year	(348)	(723)
Debt impairment written-off against allowance	1 850	1 515
	(2 376)	(3 878)

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
7. Inventories		
Consumable stores	10 758 920	8 113 686
Waterstock	672 832	596 206
Housing development projects	-	9 184 696
	11 431 752	17 894 588
Inventories recognised as an expense during the year	18 883 488	17 183 691
Inventory pledged as security		
None of the above inventory has been pledged as security.		
8. VAT receivable		
South African Revenue Service	3 280 811	214 206
The municipality is registered on the cash basis.		
No penalties and fines were incurred during the year.		
9. Short term investments		
Other fixed deposits	90 000 000	80 000 000
Non-current assets		
Investments	-	-
Current assets		
Short term portion of investment	90 000 000	80 000 000

Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 7.56% and 8.63%.

Refer to the note 51 on the financial instruments for the detail of the investments.

10. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	21 018 000	-	21 018 000	20 625 499	-	20 625 499

Reconciliation of investment property - 2017

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	20 625 499	-	392 500	21 018 000

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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10. Investment property (continued)

Reconciliation of investment property - 2016

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	19 179 699	(392 200)	-	1 838 000	20 625 499

Pledged as security

None of the above investment property have been pledged as security.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 30 June 2017. Revaluations were performed by an independent valuer, Mr Coenraad Botha, of HCB Property Valuations. Mr Botha is a Professional Valuer registered at SACVP. HCB Property Valuations is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Amounts recognised in surplus and deficit for the year:

The rental revenue earned from investment property for the financial year amounts to R 204 221 (2016: R 181 801).

In the previous year the expenditure on investment property ran through one department who managed all repairs and maintenance on the municipality's structures and therefore an accurate split for the amount of investment properties operating expense could not be made for prior years. The operating expenses (including repairs and maintenance) incurred on the investment property for the financial were as follow :

Repairs and maintenance per class of asset type

Buildings	447 156	-
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Repairs and maintenance per nature of expense

Contracted services	447 156	-
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11. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	270 293 169	(172 345 136)	97 948 033	263 582 355	(167 074 436)	96 507 919
Infrastructure	2 477 658 757	(967 125 985)	1 510 532 772	2 402 361 394	(909 364 391)	1 492 997 003
Land	239 675 837	-	239 675 837	241 542 707	-	241 542 707
Other property, plant and equipment	107 938 194	(49 073 743)	58 864 451	115 568 688	(50 273 795)	65 294 893
Total	3 095 565 957	(1 188 544 864)	1 907 021 093	3 023 055 144	(1 126 712 622)	1 896 342 522

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	96 507 920	8 154 666	(148 478)	(1 086 018)	-	(5 480 057)	-	97 948 033
Infrastructure	1 492 997 003	84 666 575	-	(1 287 693)	-	(65 313 690)	(529 423)	1 510 532 772
Land	241 542 707	-	(1 866 869)	-	-	-	-	239 675 837
Other property, plant and equipment	65 294 893	8 691 621	(282 559)	1 514 243	909 451	(17 263 199)	-	58 864 451
	1 896 342 523	101 512 862	(2 297 906)	(859 468)	909 451	(88 056 946)	(529 423)	1 907 021 093

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	92 823 159	9 069 761	(91 981)	-	-	(5 293 020)	96 507 919
Infrastructure	1 492 545 995	60 601 109	-	1 319 611	-	(61 469 712)	1 492 997 003
Land	245 979 611	-	(2 482 343)	(1 954 561)	-	-	241 542 707
Other property, plant and equipment	79 124 973	13 573 476	(245 117)	(31 375)	(6 207 320)	(20 919 744)	65 294 893
	1 910 473 738	83 244 346	(2 819 441)	(666 325)	(6 207 320)	(87 682 476)	1 896 342 522

Pledged as security

None of the above property, plant and equipment have been pledged as security.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
11. Property, plant and equipment (continued)		
Work in progress		
The work in progress balances included in the property plant and equipment balance is as follows:		
Buildings	4 884 544	2 039 352
Infrastructure	69 620 387	75 755 283
Other property, plant and equipment	41 000	79 409
	74 545 931	77 874 044

Lack of funding on the municipality's side resulted in the delay of the construction/development of the following property plant and equipment projects:

Development/ construction of property, plant and equipment delayed:		
Hex Valley MPC Upgrading	38 272	38 272
DeDoorns Fire Station	153 944	4 382 082
De Koppen Office Building	22 597	22 597
Cable Store & Fence	121 113	121 113
	335 926	4 564 064
	-	-

The following expenditure was incurred to repair and maintain property plant and equipment:

Repairs and maintenance per allocation to asset type		
Infrastructure	37 005 000	27 046 041
General Vehicles	4 334 320	4 019 401
Plant and Equipment	3 480 467	6 048 415
Furniture and other Office Equipment	1 588 274	1 400 309
Other Buildings	17 472 534	10 412 675
	63 880 595	48 926 841
Repairs and maintenance per nature of expense		
Contracted Services	48 560 024	28 698 561
Labour	9 867 000	14 661 880
Material	5 453 571	5 566 400
	63 880 595	48 926 841

Change in Accounting Estimate

A review of useful lives was done on assets. During the review certain infrastructure and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2017 and therefore the depreciation charge was applied prospectively from 1 July 2016 over the remaining useful life of these assets. The effect of the change in accounting estimate is further disclosed in note 49.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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11. Property, plant and equipment (continued)

Other Information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on property, plant and equipment.

The total cost of fully depreciated assets still in use amounts to R 4 045 606. These are items that do not have an active market and cannot be sold when it is no longer in use.

12. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 781 346	(1 577 641)	1 203 705	2 583 376	(1 121 130)	1 462 246
Rights of use of water	4 275 264	(384 888)	3 890 376	4 275 264	(342 136)	3 933 128
Total	7 056 610	(1 962 529)	5 094 081	6 858 640	(1 463 266)	5 395 374

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	1 462 246	197 970	(458 511)	1 203 705
Right of use of water	3 933 128	-	(42 752)	3 890 376
	5 395 374	197 970	(499 263)	5 094 081

Reconciliation of Intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	1 569 637	326 048	(433 439)	1 462 246
Rights of use of water	3 975 880	-	(42 752)	3 933 128
	5 545 517	326 048	(476 191)	5 395 374

Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

13. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Books - Africana and other	585 959	-	585 959	585 959	-	585 959

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

				2017		2016 Restated*
13. Heritage assets (continued)						
Work of Art	12 575 100	-	12 575 100	12 575 100	-	12 575 100
Land - Historic or specific	16 770 000	-	16 770 000	16 770 000	-	16 770 000
Culturally significant buildings	6 700 000	-	6 700 000	6 700 000	-	6 700 000
Total	36 631 059	-	36 631 059	36 631 059	-	36 631 059

Reconciliation of heritage assets 2017

	Opening balance	Additions	Other changes, movements	Total
Books - Africana and other	585 959	-	-	585 959
Work of Art	12 575 100	-	-	12 575 100
Land - Historic or specific	16 770 000	-	-	16 770 000
Culturally significant buildings	6 700 000	-	-	6 700 000
	36 631 059	-	-	36 631 059

Reconciliation of heritage assets 2016

	Opening balance	Total
Books - Africana and other	585 959	585 959
Work of Art	12 575 100	12 575 100
Land - Historic or specific	16 770 000	16 770 000
Culturally significant buildings	6 700 000	6 700 000
	36 631 059	36 631 059

Other Information

The municipality assessed whether there is an indication that heritage assets needs to be impaired. No impairment loss on heritage assets was recognised for the period under review.

No expenditure was incurred to repair and maintain heritage assets.

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

14. Long term receivables

Housing selling schemes loans

Housing selling scheme	152 999	220 869
Less: Allowance for impairment	(39 680)	(64 212)
	113 319	156 657

Welfare loans

Welfare loans	6 181	1 762 140
Less: Allowance for impairment	(3 357)	(1 759 679)
	2 824	2 461

Housing loans - personnel

Housing personnel	371 267	397 687
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* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
14. Long term receivables (continued)		
Arrangements		
Arrangements	12 879 731	12 328 990
Less: Allowance for impairment	(6 412 220)	(5 637 278)
	<u>6 467 511</u>	<u>6 691 712</u>
Less: Current Portion transferred to current receivables		
Housing selling scheme	(21 421)	(14 910)
Welfare loans	(4 111)	(163 150)
Housing personnel	(85 936)	(29 421)
Arrangements	(3 566 889)	(3 019 267)
	<u>(3 678 357)</u>	<u>(3 226 748)</u>
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling scheme	(2 232)	(4 335)
Welfare loans	(5 555)	(162 922)
Arrangements	(2 121 356)	(2 112 686)
	<u>(2 129 143)</u>	<u>(2 279 943)</u>
Long term receivables - Net		
Long term receivables - non-current portion	5 405 708	6 301 712
Long term receivables - current portion	1 549 212	946 805
	<u>6 954 920</u>	<u>7 248 517</u>

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
14. Long term receivables (continued)		
Housing selling scheme loans		
Housing loans are granted to qualifying individuals in terms of the provincial administration's housing programme. These loans attract interest of prime plus 1 % per annum and are repayable over a maximum period of 30 years.		
Welfare loans		
Welfare loans are granted to qualifying organisations in terms of the provincial administration's housing programme. These loans attract interest at prime plus 1% per annum and are repayable over a maximum period of 30 years.		
Housing loans - Personnel		
Housing loans were granted to personnel and attract interest at between 7.5% and 15% per annum and are repayable over periods not exceeding 30 years.		
Land sales		
Loans were granted to individuals for purchasing land from the municipality. These loans attract interest at prime plus 1% and are repayable over periods not exceeding 2 years.		
Arrangements		
The arrangements consist of consumer receivables with whom the council has negotiated repayment terms. These arrangements attract no interest and the repayment periods vary between 15 and 30 years.		
As at 30 June 2017 long term receivables of R 5 405 709 (2016: R6 301 712) were past due not impaired. The ageing of these long term receivables are more than 365 days as long term receivables are classified as non-current assets in the financial statements.		
As of 30 June 2017 long term receivables of R 4 326 113 (2016: R 5 181 226) were impaired. The individually impaired receivables mainly relate to those receivables who have agreements with the municipality to pay their debt over a long period. The ageing of these individually impaired receivables is more than 365 days based on the nature of long term receivables.		
15. Payables from exchange transactions		
Accrued interest on Long term liabilities	6 688 805	6 312 367
Creditor balances closed	30 049	377 670
Lease liability	728 146	827 163
Ex Retentions	290 039	290 039
Other payables	3 344 435	1 119 623
Payments received in advance	7 477 700	5 779 917
Retentions	4 325 614	3 342 208
Sundry deposits	504 149	523 937
Trade payables	70 254 903	49 370 577
	93 643 838	67 943 497
16. Consumer deposits		
Electricity	1 681 863	1 804 151
Water	1 998 652	2 241 950
	3 680 515	4 046 101

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
16. Consumer deposits (continued)		
Guarantees		
Guarantees held in lieu of Electricity and Water Deposits	22 000	22 000
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts		
National Government	668 316	-
Provincial Government	27 166 114	17 866 607
District Municipality	300 000	-
Public Contributions	229 211	99 011
	28 363 641	17 965 618
Movement during the year		
Balance at the beginning of the year	17 965 618	24 350 185
Total Government receipts	186 082 373	148 626 747
Conditions met- capital grants	(58 172 673)	(40 049 098)
Conditions met- operating grants	(102 611 776)	(96 380 693)
Conditions met- Housing projects	(13 125 244)	(19 766 916)
Included in other receivables	576 687	2 351 344
From other receivables	(2 351 344)	(1 165 951)
	28 363 641	17 965 618
<p>The allocations and subsidies received from National and Provincial Government as well the District Municipality, have been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/or when the balance of the allocations is utilised. The percentage of the allocations utilised is an indication of the conditions met. Where the total of the allocations were utilised, all the conditions have been met. Also refer to Appendix D for further detail regarding unspent conditional grants.</p>		
18. Long term liabilities		
At amortised cost		
Annuity Loans	240 918 060	263 546 176
Refer to Appendix A for further information on long term liabilities.		
Non-current liabilities		
At amortised cost	223 718 063	240 918 059
Current liabilities		
At amortised cost	17 199 997	22 628 117

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*		
19. Employee benefit obligation				
Reconciliation of employee benefits - 2017	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	140 168 000	6 141 156	(5 454 156)	140 855 000
Long service awards	16 517 000	2 027 228	(1 123 228)	17 421 000
Performance bonus	185 057	392 140	(269 412)	307 785
Staff leave accrual	16 387 153	2 415 432	(1 870 181)	16 932 404
13th cheque accrual	4 428 253	540 892	-	4 969 145
	<u>177 685 463</u>	<u>11 516 848</u>	<u>(8 716 977)</u>	<u>180 485 334</u>
Reconciliation of employee benefits - 2016	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	124 896 000	20 204 626	(4 932 626)	140 168 000
Long service awards	15 166 000	2 473 099	(1 122 099)	16 517 000
Performance bonus	165 728	186 840	(167 511)	185 057
Staff leave accrual	14 993 839	2 508 529	(1 115 215)	18 387 153
13th cheque accrual	3 897 835	530 418	-	4 428 253
	<u>159 119 402</u>	<u>25 903 512</u>	<u>(7 337 451)</u>	<u>177 685 463</u>
Non-current employee benefits				
Provision for Post-retirement medical aid benefits			134 849 414	134 696 416
Long service awards			15 896 862	15 403 066
			<u>150 746 276</u>	<u>150 099 402</u>
Current employee benefits				
Provision for Post-retirement medical aid benefits			6 005 586	5 471 584
Long service awards			1 524 138	1 113 934
Performance bonus			307 785	185 057
Staff leave accrual			16 932 404	16 387 153
13th cheque accrual			4 969 145	4 428 253
			<u>29 739 058</u>	<u>27 585 981</u>
Post-Retirement medical aid benefit: Movements				
Opening balance			140 168 000	124 896 000
Benefits paid			(5 454 156)	(4 932 626)
Net expense recognised			6 141 156	20 204 626
			<u>140 855 000</u>	<u>140 168 000</u>
Post-Retirement medical aid benefit: Net expense recognised				
Current service cost			4 832 000	4 308 000
Interest cost			16 087 000	11 921 000
Actuarial losses/(gains)			(14 777 844)	3 975 626
			<u>6 141 156</u>	<u>20 204 626</u>
Long service awards: Movements				
Opening balance			16 517 000	15 166 000
Benefits paid			(1 123 229)	(1 122 099)
Net expense recognised			2 027 229	2 473 099
			<u>17 421 000</u>	<u>16 517 000</u>

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
19. Employee benefit obligation (continued)		
Long service awards: Net expense recognised		
Current service cost	1 281 000	1 168 000
Interest cost	1 646 000	1 393 000
Actuarial losses/(gains)	(899 771)	(87 901)
	2 027 229	2 473 099

Defined benefit plan

Post retirement medical aid plan

Current and continuation members receive a 60% and 70% subsidy respectively of medical and contributions in retirement. The spouse and child dependants of an employee are entitled to a 60% and 70% subsidy respectively of their contributions in the event of the principal members' death in-service. In the event of the death of the principal member, the spouse becomes the principal member.

In 2017: 64% (2016: 61%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

All permanent employees are entitled to a specified number of days additional leave based on their service. The employee may convert the additional leave into a cash amount.

In 2017: 11.86 % (2016: 11.57%) of the employees qualified for long service awards.

Key assumptions used

The municipality made use of an independent firm to perform the valuation of post-retirement medical aid benefits and long service awards. Niel Fourie (B.Comm) (FASSA) and Julian van der Spuy (B.Comm Actuarial Science) from ZAQ Consultants and Actuaries were the experts for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2017:

Post Retirement medical aid benefit: Discount rates	9,93%	9,58 %
Post Retirement medical aid benefit: Healthcare cost inflation	8,45%	8,77 %
Long service awards: Discounts rates	Yield curve	Yield curve
Long service awards: Discounts Salary inflation	CPI+1%	CPI+1%

The nominal and real zero curves as at 30 June 2017 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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19. Employee benefit obligation (continued)

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	6 033 000	3 832 000
Effect on defined interest cost	19 565 000	14 553 000
Effect on defined benefit obligation	163 349 000	122 569 000

Assumed salary inflation trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary inflation trends rates would have the following effects:

	One percentage point Increase	One percentage point decrease
Effect on the service	1 426 000	1 193 000
Effect on interest cost	1 938 000	1 662 000
Effect on defined benefit obligation	18 790 000	16 196 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 829 (2016: 648) of its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The last valuation of the Municipal Workers Retirement Fund (Previously the SAMWU National Provident Fund) was done on 30 June 2015.

The last valuation of the SALA Pension Fund was done on 4 July 2015.

The last valuation of the Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund) was performed on 30 June 2016.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2016.

The valuers of the respective funds were satisfied that the plan is in a sound financial position.

Contributions by Council in respect of employees retirement funding. The contributions have been expensed which amounted to R24 543 258 (2016: R 23 412 209).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R 1 280 347 (2016: R 570 901).

Contributions to medical aid funds

Contributions to medical aid funds for employees	14 461 346	12 989 980
Contributions to medical aid funds for councilors	143 102	110 505
Contributions to medical aid funds for pensioners	5 454 156	4 932 626
	20 058 604	18 033 111

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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19. Employee benefit obligation (continued)

Cape Joint Retirement and Pension Fund for Local Government

This multi-employer fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 9% of basic salary, whilst the respective Local Authorities are contributing 18%.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

As at 30 June 2017 the funding level of the share account was 100.5 % and the pension account was 118 %. At the valuation date the municipality had 655 members (Fund: 41 283 members) and nil pensioners (Fund: 655 pensioners) belonging to the fund.

20. Provisions: Landfill Site

Reconciliation of provisions - 2017

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	73 053 172	909 451	-	4 967 615	78 930 238
Closure site	918 762	-	68 232	-	986 994
	73 971 934	909 451	68 232	4 967 615	79 917 232

Reconciliation of provisions - 2016

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	76 432 490	(6 207 320)	-	2 828 002	73 053 172
Closure site	878 607	-	40 155	-	918 762
	77 311 097	(6 207 320)	40 155	2 828 002	73 971 934

Non-current liabilities	78 930 239	73 053 172
Current liabilities	986 994	918 762
	79 917 233	73 971 934

The provision for landfill site for De Doorns was done for a 3.25 year period, the Worcester site for a period of 5 years. Touwsriver is a closure site and is expected to be closed in the following 5 year period. No expenses have been incurred to date and the only movement is the contribution for the year. An assessment was done by JPCE (Pty) Ltd (Specialist Waste Management Consultants), an independent expert.

The unwinding of the provision for landfill site for the current year was R 4 967 615 (2016: R 2 828 002) was included in the rehabilitation figure in the statement of financial performance as well as the Touwsriver closure cost of R 68 232 (2016: R 40 155).

21. Service charges

Sale of electricity	360 838 844	335 440 746
Sale of water	62 288 484	62 645 296
Sewerage and sanitation charges	74 078 635	71 726 886
Refuse removal	40 493 477	38 119 899
Less revenue foregone	(41 119 536)	(40 038 826)
	496 579 904	467 894 001

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
22. Rental income		
Rental Income		
Infrastructure/Site rental	11 250 880	10 584 846
Rental of facilities and equipment	3 136 750	2 916 317
	14 387 630	13 501 163
23. Other income		
Administration fees: Credit control	1 629 412	884 841
Building clause	22 105	35 999
Building plans fees	959 612	1 033 470
Bulk service levies	85 157	2 425 984
Burial fees	868 985	873 136
Cleaning block drains	58 489	60 115
Clearance certificate	108 614	118 155
Connection fees	2 118 425	1 809 734
Connection meters	279 535	20 500
Commission received	211 616	208 405
Entrance fees	498 028	360 136
Firefighting charges	1 029 068	1 236 061
Garden refuse special removals	60 064	185 989
Interest car loans and housing loans, sundry and township development	45 313	76 204
Land sales	16 848	8 193
Miscellaneous income	999 117	4 485 138
Network upgrading	2 089 842	1 926 257
Photocopies and printing	116 771	102 169
Recovery of expenditure	3 166	4 304
Rental street bins	-	177 032
Royalties	2 396 492	978 844
Services	143 475	238 328
Sundry income	1 052 882	1 039 017
Swimming pool tickets	435 981	387 489
Tender documents	137 511	122 351
	15 366 488	18 795 851
24. Finance income		
Interest revenue		
Bank	7 005 423	6 332 884
Interest earned - external investments	10 167 423	4 585 678
Interest - outstanding receivables	4 251 078	3 839 635
	21 423 924	14 758 197

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
25. Property rates		
Rates received		
Residential	70 935 261	58 660 137
Commercial	31 083 963	21 785 834
State	12 387 927	6 746 504
Municipal	7 511 804	4 910 241
Small holdings and farms	11 327 941	15 916 228
Department levies	(1 103 589)	(5 169 472)
Other	3 409 446	3 434 660
Industrial	7 428 584	8 534 865
Less revenue foregone	(23 795 810)	(10 123 367)
	<u>119 185 527</u>	<u>104 695 630</u>
Property rates - penalties imposed and collection	1 385 656	1 001 455
	<u>120 571 183</u>	<u>105 697 085</u>
Valuations		
Land	6 494 936 900	968 968 000
Improvements	17 347 384 300	15 245 547 000
	<u>23 842 321 200</u>	<u>16 214 515 000</u>

The valuations for land and improvements include De Doorns, Rawsonville, Touwsriver, Worcester and rural areas.

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 September 2016. Interest at prime per annum and a collection fee is levied on rates outstanding two months after due date. Monthly levies are allowed on application. A differentiated rebate up to 100% is granted to owners under certain circumstances. The basic rates for the above mentioned areas were charged for land and improvements at 0.7360 c/R (2016: 0.8520 c/R) and for industrial and commercial sites at 1.4720 c/R (2016: 1.7040 c/R).

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
26. Government grants and subsidies		
Operating grants		
Equitable share	88 524 000	81 661 000
Finance Management Grant	1 475 000	1 408 055
National Lottery: Sport Grant	99 011	-
Systems Improvement Grant	-	930 000
Housing Projects	13 125 244	19 766 916
Other grants and donations	1 291 000	1 000 000
LGWSETA: Staff Development	368 995	479 020
Provincial Government	10 853 771	10 902 618
	<u>115 737 021</u>	<u>116 147 609</u>
Capital grants		
Capital Grants	58 172 673	40 049 098
	<u>58 172 673</u>	<u>40 049 098</u>
	<u>173 909 694</u>	<u>156 196 707</u>
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Balance unspent at beginning of the year	-	-
Current-year receipts	88 524 000	81 661 000
Conditions met- transferred to revenue	(88 524 000)	(81 661 000)
	<u>-</u>	<u>-</u>
Financial Management Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	1 475 000	1 408 055
Conditions met - transferred to revenue	(1 475 000)	(1 408 055)
	<u>-</u>	<u>-</u>
Systems Improvement Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)
	<u>-</u>	<u>-</u>
Housing Projects		
Balance unspent at beginning of year	14 455 583	20 261 579
Current-year receipts	14 181 656	12 366 308
Conditions met - transferred to revenue	(13 125 244)	(19 766 916)
Net movement in receivable	(1 480 730)	1 594 612
	<u>14 031 265</u>	<u>14 455 583</u>

Conditions still to be met - remain liabilities (see note 17).

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
26. Government grants and subsidies (continued)		
Other Grants and Donations		
Balance unspent at beginning of year	-	-
Current-year receipts	1 291 000	1 000 000
Conditions met - transferred to revenue	(1 291 000)	(1 000 000)
Net movement in receivable	-	-
	<u>-</u>	<u>-</u>
LGWSETA: Staff Development		
Balance unspent at beginning of year	-	43 769
Current-year receipts	525 075	181 350
Conditions met - transferred to revenue	(368 995)	(479 020)
Net movement in receivable	(156 080)	253 901
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 17).		
Provincial Government		
Balance unspent at beginning of year	73 100	1 718 144
Current-year receipts	11 742 577	9 310 052
Conditions met - transferred to revenue	(10 952 782)	(10 902 618)
Net movement in receivable	36 734	(52 478)
	<u>899 629</u>	<u>73 100</u>
Conditions still to be met - remain liabilities (see note 17).		
Cape Winelands District Municipality		
Balance unspent at beginning of year	-	-
Current-year receipts	300 000	-
Conditions met - transferred to revenue	-	-
	<u>300 000</u>	<u>-</u>
Capital Grants		
Balance unspent at beginning of year	3 436 935	1 904 051
Current-year receipts	68 043 064	41 769 982
Conditions met - transferred to revenue	(58 172 673)	(40 049 098)
Net movement in receivable	(174 581)	(188 000)
Unspent grant refunded to department	-	-
	<u>13 132 745</u>	<u>3 436 935</u>

Conditions still to be met - remain liabilities (see note 17).

Refer to Appendix D for further detail regarding grants received.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
27. Fines, penalties and forfeits		
Fines, penalties and forfeits		
Traffic Fines	74 749 142	68 218 017
Library material	74 142	65 662
Damaged meters	639 400	836 877
	75 462 684	69 120 556
28. Employee related costs		
Basic	151 599 929	140 458 397
Group life insurance	2 288 666	2 124 546
Bonus	10 998 335	10 383 507
Medical aid - company contributions	19 915 502	17 922 607
Unemployment Insurance Fund	1 400 799	1 306 240
Workmen's Compensation Act	1 262 318	1 191 897
Skills Development Levy	2 507 488	2 087 429
Travel and car allowances	6 554 304	6 207 097
Overtime payments	15 505 975	13 835 873
Acting allowances	2 161 660	1 806 492
Housing benefits and allowances	2 658 800	2 303 301
Protective clothing	1 821 262	1 512 314
Allowances: Other	6 670 545	6 260 332
Retirement Fund	24 551 779	23 423 856
	249 897 162	230 823 488
Municipal Manager: G. Matthyse		
Annual Remuneration	-	766 091
Car Allowance	-	42 000
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	-	892
Group life insurance	-	4 382
	-	813 365
Mr G. Matthyse resigned as Municipal Manager on 3 December 2015.		
Municipal Manager: D. McThomas		
Annual Remuneration	798 240	642 893
Car Allowance	55 417	47 500
Contributions to UIF, Medical and Pension Funds	26 977	20 325
Group life insurance	8 189	6 646
	888 823	717 364

Mr D. McThomas was appointed as acting Municipal Manager for the period 1 July 2016 till 30 November 2016. Mr D. McThomas was officially appointed as Municipal Manager on 1 December 2016.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
28. Employee related costs (continued)		
Chief Financial Officer: D. McThomas		
Annual Remuneration	571 120	582 803
Performance Bonuses	269 413	167 511
Car Allowance	39 583	47 500
Contributions to UIF, Medical and Pension Funds	17 572	19 220
Group life insurance	5 871	5 442
	903 559	822 476

Mr D. McThomas was the Chief Financial Officer for the period 1 July 2016 till 30 November 2016 after which Mr D. McThomas was appointed as the Municipal Manager.

Acting Chief Financial Officer: R. Ontong

Annual Remuneration	653 504	383 265
Car Allowance	175 326	82 701
Contributions to UIF, Medical and Pension Funds	85 173	39 659
Group life insurance	7 792	3 632
	921 795	509 257

Chief Financial Officer: R. Ontong

Annual Remuneration	137 495	-
Car Allowance	16 903	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	26 473	-
Group life insurance	2 194	-
	183 065	-

Mr R. Ontong was appointed as acting Chief Financial Officer for the period 1 July 2016 till 30 April 2017 and was officially appointed as Chief Financial Officer on 1 May 2017.

Acting Chief Financial Officer: B. Volschenk

Annual Remuneration	55 815	-
Car Allowance	17 533	-
Contributions to UIF, Medical and Pension Funds	12 152	-
Group life insurance	741	-
	86 241	-

Mrs B. Volschenk was appointed as acting CFO for the period 7 December 2016 till 6 January 2017.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
28. Employee related costs (continued)		
Technical Services: E. Delpont		
Annual Remuneration	628 969	871 356
Car Allowance	120 000	180 000
Contributions to UIF, Medical and Pension Funds	114 404	158 629
Group life insurance	10 567	9 872
	873 940	1 219 857

Mr E.Delpont resigned as Director Technical Services with his last working day being 28 February 2017. Mr J. Steyn was appointed as acting Director Technical Services from 24 March 2017 until 31 May 2017.

Acting Technical Services Director: P.Hartzenberg

Annual Remuneration	53 041	-
Car Allowance	17 532	-
Contributions to UIF, Medical and Pension Funds	12 152	-
Group life insurance	759	-
	83 484	-

Mr P.Hartzenberg was appointed as acting Director Technical Services for the period 1 March 2017 till 23 March 2017.

Acting Technical Services Director: J.Steyn

Annual Remuneration	593 803	-
Car Allowance	192 859	-
Contributions to UIF, Medical and Pension Funds	128 333	-
Group life insurance	9 319	-
	924 314	-

Mr J.Steyn was appointed as acting Director Technical Service for the period 24 March 2017 until 31 May 2017

Technical Service Director: J.Steyn

Annual Remuneration	91 355	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	177	-
Group life insurance	-	-
	91 532	-

Mr J.Steyn was appointed as acting Director Technical Service for the period 24 March 2017 until 31 May 2017 and was officially appointed as Director Technical Service on 1 July 2017

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
28. Employee related costs (continued)		
Strategic Service Director: R. Esau		
Annual Remuneration	730 000	527 382
Car Allowance	140 000	69 628
Contributions to UIF, Medical and Pension Funds	168 271	102 827
Group life Insurance	12 264	-
	1 050 535	699 837

Mr.R.Esau was released from his duties as Strategic Service Director for the period 1 February 2017 till 31 May 2017 to act as Implementation Manager at the Kannaland Municipality. For this period Mrs H.Potgieter was appointed as acting Director Strategic Services. Mr.R.Esau resumed his duties as Strategic Service Director from 1 June 2017.

Acting Strategic Services Director : H.Potgieter

Annual Remuneration	219 252	-
Car Allowance	46 579	-
Contributions to UIF, Medical and Pension Funds	39 215	-
Group life Insurance	3 036	-
	308 082	-

Mrs H.Potgieter was appointed as acting Strategic Services Director for the period 1 February 2017 till 31 May 2017.

Acting Strategic Services Director: J. Marthinus

Annual Remuneration	159 147	636 494
Acting Allowance	41 687	-
Car Allowance	20 006	47 261
Contributions to UIF, Medical and Pension Funds	36 700	128 870
Group life insurance	2 674	9 286
	260 214	821 911

Community Service Director: J. Marthinus

Annual Remuneration	795 733	330 093
Car Allowance	100 031	74 789
Cellphone Allowance	24 000	-
Contributions to UIF, Medical and Pension Funds	183 500	76 260
Group life insurance	13 368	714
	1 116 632	481 856

Mr. J.Marthinus was appointed as acting Strategic Service Director for the period 1 July 2016 till 31 August 2016, after which Mr.J.Marthinus fulfilled his duties as Community Service Director.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
28. Employee related costs (continued)		
Acting Community Service Director: S. Swartz		
Annual Remuneration	159 448	357 007
Car Allowance	30 940	87 566
Contributions to UIF, Medical and Pension Funds	16 182	45 321
Group life insurance	1 483	4 147
	208 053	494 041

Mr S. Swartz was appointed as acting Community Service Director for the period 1 Jul 2016 till 31 August 2016.

Employee costs as percentage of total expenditure for 2017 is 26.75% (2016: 27%). The industry norm is between 30-35%. This figure excludes the remuneration of councillors, as disclosed in note 29 to the Financial Statements.

The remuneration of the employees is within the upper limits of the SALGA Bargaining Council determinations.

29. Remuneration of councillors

Executive mayor	705 494	764 635
Deputy Executive Mayor	570 415	625 091
Chief whip	508 623	580 278
Speaker	571 796	605 110
Mayoral committee members	4 278 215	4 590 847
Councillors	7 559 168	7 462 101
Councillors pension contribution	1 280 347	570 901
Councillors medical aid contribution	143 102	110 505
	15 615 160	15 309 268

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of Council owned vehicles for official duties.

Remuneration of Councillors:

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*		
29. Remuneration of councillors (continued)				
Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	575 265	130 229	106 624	812 118
Deputy Executive Mayor				
JD Levendal	491 794	78 620	86 405	656 819
Speaker				
M Sampson	51 442	12 674	3 858	67 974
NP Mecuur	469 480	38 200	77 951	585 631
	520 922	50 874	81 809	653 605
Chief Whip				
R Farao	49 442	12 954	3 708	66 104
Goedeman	366 252	77 976	62 413	506 641
	415 694	90 930	66 121	572 745
Mayco Members				
WM Blom	48 335	15 097	2 880	66 312
AM Du Toit	55 981	6 131	4 199	66 311
S Goedeman	45 913	13 867	6 323	66 103
AE Jordaan	47 642	15 097	3 573	66 312
SJ Mei	56 668	6 555	2 880	66 103
WR Meiring	58 065	3 684	4 355	66 104
EY Sheldon	53 242	5 989	6 873	66 104
JF van Zyl	51 215	14 889	-	66 104
	417 061	81 309	31 083	529 453
Councillors				
VK Apollis	24 750	2 839	1 780	29 369
R Blom	21 651	7 717	-	29 368
JA Boshoff	21 651	7 717	-	29 368
MN Bushwana	20 831	7 510	-	28 141
L Dyabooi	24 750	2 839	1 780	29 369
TC Dyonta	24 750	2 839	1 780	29 389
C Ismail	20 631	7 510	-	28 141
GF Jaftha	24 750	2 839	1 780	29 389
N Jali	20 212	7 717	1 439	29 368
SE James	20 212	7 717	1 439	29 368
PB Januarie	21 651	7 717	-	29 368
BV Klein	20 212	7 717	1 439	29 368
BJ Kriegler	21 651	7 717	-	29 368
S Lakey	20 212	7 717	1 439	29 368
MN Lubisi	21 651	7 717	-	29 368
ES Manel	20 631	7 510	-	28 141
P Marran	20 631	7 510	-	28 141
SB Mfutwana	18 771	7 717	2 880	29 368
BW Ntshingila	21 651	7 717	-	29 368
C Ntsomi	21 407	7 961	-	29 368
L Richards	29 168	7 717	-	36 885
J Schneider	21 651	7 717	-	29 368
PG Smith	21 651	7 717	-	29 368

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

			2017	2016 Restated*
29. Remuneration of councillors (continued)				
G Stalmeester	19 191	7 510	1 439	28 140
NV Steto	21 651	7 717	-	29 368
P Tyira	20 631	7 510	-	28 141
TM Wehr	20 631	7 510	-	28 141
CF Wliskut	23 730	2 631	1 780	28 141
E van der Westhuizen	21 021	2 422	4 697	28 140
MN Bushwana	170 187	64 262	10 536	244 985
EN Isaacs	204 833	23 561	15 363	243 757
C Ismail	180 722	64 262	-	244 984
N Ismail	220 195	23 561	-	243 756
JR Jack	204 833	23 561	15 363	243 757
J Jafta	204 833	23 561	15 363	243 757
P Langata	204 833	23 561	15 363	243 757
ZM Mangi	204 833	23 561	15 363	243 757
T Maridi	204 833	23 561	15 363	243 757
P Maran	180 722	64 262	-	244 984
ESC Matjan	150 772	64 262	29 950	244 984
SM Mkhwane	204 833	23 561	15 363	243 757
VI Mngcele	204 833	23 561	15 363	243 757
CM Mohobo	204 833	23 561	15 363	243 757
N Nel	260 598	23 561	19 545	303 704
A Pietersen	204 833	23 561	15 363	243 757
PC Ramokhabi	203 821	23 561	16 375	243 757
J Robinson	204 833	23 561	15 363	243 757
IL Tshabile	204 833	23 561	15 363	243 757
P Tyira	180 722	64 262	-	244 984
K Van Der Horst	204 833	23 561	15 363	243 757
E Van Der Westhuysen	193 475	31 007	20 503	244 985
W Vrolick	204 833	23 561	15 363	243 757
J Von Willingh	188 429	41 195	14 132	243 756
TM Wehr	180 722	64 262	-	244 984
NP Williams	204 833	23 561	15 363	243 757
MT Williams	184 491	23 561	35 704	243 756
CF Wliskut	209 740	23 769	11 476	244 985
NJ Wullschleger	204 833	23 561	15 363	243 757
	6 413 705	1 145 458	427 701	7 986 864

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
30. Debt impairment		
Receivables from exchange transactions	24 570 229	19 278 411
Receivables from non-exchange transactions: Rates	4 408 612	4 379 066
Receivables from non-exchange transactions: Traffic fines	45 695 105	51 271 895
Other receivables from exchange transactions	348	723
Long term receivables	402 597	525 588
	75 076 891	75 455 683
<p>Provision on Receivables from exchange transactions and Receivables from non-exchange transactions: Rates Due to the adverse economic conditions, which have resulted in consumers struggling to pay their accounts, the allowance for impairment has increased to a total of R47 236 289 (Receivables from Exchange Transactions) and R13 163 303 (Rates). This is due to a drop in the overall payment rate from consumers.</p> <p>Provision on Receivables from non-exchange transactions: Traffic fines: During the current financial year the Municipality issued more traffic fines than it had budgeted. As a result of the low payment rate on these traffic fines the allowance for impairment increased to R63 520 349. Due to National regulations on the validity of traffic fines a material number of traffic fines were written off as irrecoverable.</p> <p>For the impact of the above refer to note 45 unauthorised expenditure.</p>		
31. Depreciation, amortisation and impairment		
Property, plant and equipment	88 056 947	87 682 475
Amortisation	499 263	476 191
Impairment	529 423	-
	89 085 633	88 158 666
32. Bulk purchases		
Electricity	270 785 878	253 178 788
Water	3 590 278	2 277 010
	274 376 156	255 455 796
33. Finance costs		
External borrowings	27 803 683	24 301 464
34. Repairs and maintenance		
Repairs and maintenance per allocation to asset type		
Infrastructure	37 005 000	27 046 041
General Vehicles	4 334 320	4 019 401
Plant & Equipment	3 480 467	6 048 415
Furniture and other office equipment	1 588 274	1 400 309
Other Buildings	17 919 690	10 412 675
	64 327 751	48 926 841
Repairs and maintenance per nature of expense		
Contracted services	49 007 180	28 698 561
Labour	9 867 000	14 661 880
Material	5 453 571	5 566 400
	64 327 751	48 926 841

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
35. Contracted services		
Security services	391 849	411 511
Private contractors	9 766 184	8 280 499
Other contracted services	854 796	707 620
	11 012 829	9 399 630
36. Grants and subsidies paid		
Other subsidies		
Grants in aid	310 000	279 600
37. Contributions to employee benefits		
Performance Bonus	392 140	186 840
Post retirement medical aid benefit	687 000	15 272 000
Long service awards	2 027 229	2 473 099
Provisions for leave payments	2 415 433	2 508 529
Provision for 13th cheque	540 891	530 419
Add/less: actuarial gain/(loss)	15 677 615	(3 887 725)
	21 740 308	17 083 162

The actuarial gain/(loss) for the post-retirement medical aid benefit and long service awards of R 15 677 615 (2016: R 3 887 725) has been disclosed separately on the face of the statement of financial performance.

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
38. General expenses		
Advertising	966 058	732 829
Access to basic services	725 119	2 422 694
Auditors remuneration	3 230 060	3 434 050
Bank charges	1 505 081	1 262 911
Bursaries	483 534	279 112
CDW Programme	30 296	345 719
Chemicals	1 792 274	2 694 256
Cleaning	98 730	229 085
Commission paid	6 483 481	6 210 199
Communication	257 667	142 572
Conferences and seminars	85 670	91 290
Connections	-	1 288 489
Consulting and professional fees	3 356 775	4 742 466
Consumables	290 232	230 430
Digging of graves	702 132	572 627
Driver license expense	576 542	701 118
Electricity	1 616 531	1 454 615
Entertainment	1 397 803	1 168 100
Flowers	6 087	6 904
Fuel end oil	5 710 312	5 388 033
Healthcare and hygiene services	236 444	272 125
Insurance	2 581 827	1 906 791
Interpreting services	95 161	82 525
Leases- rentals on operating lease	6 253 436	5 519 449
Levies	1 540 099	1 548 034
Loss of water and library materials	277 838	247 212
Materials and stores	973 676	709 309
Motor vehicle expenses	5 627 079	4 171 013
Other expenses	5 516 370	5 743 579
Postage and courier	933 693	886 953
Printing and stationery	1 527 605	1 709 083
Public participation	226 266	114 008
Refuse	779 071	805 473
Risk management system	110 888	276 032
Royalties and license fees	4 770 921	3 343 038
Service level agreement	340 000	240 000
Servicing of summonses	824 348	1 009 580
Staff welfare	282 169	380 140
Subscriptions and membership fees	2 828 604	2 631 467
Subsistence and travel	1 257 766	1 050 511
Survey fees	41 680	39 610
Telephone and fax	4 197 586	4 652 131
Top structure expenses	22 309 940	16 661 769
Transfer returns	36 207	41 067
Traffic: Rental speed cameras	3 439 337	2 421 274
Training	2 536 974	1 864 451
Transport and freight	2 250	10 207
Valuation expense	418 723	1 952 633
Ward committee projects	268 376	450 000
Youth Development Programme	297 216	349 676
	99 845 934	94 486 619

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
39. Fair value adjustments		
Fair value adjustment on investment property	392 500	1 838 000
Water stock movement	76 626	(127 616)
Other financial assets		
▪ Discounting of long term receivables: Movement for the year	267 754	184 455
	736 880	1 894 839
Discounting of long term receivables: Movement for the year		
Opening balance	5 785 011	5 969 466
Closing balance	(5 517 257)	(5 785 011)
	267 754	184 455
40. Auditors' remuneration		
Fees	3 230 060	3 434 050
41. Cash generated from operations		
Surplus (deficit)	8 117 101	(10 704 816)
Adjustments for:		
Depreciation, amortisation and impairment	89 085 633	88 158 666
Loss on sale of assets and liabilities	1 900 002	1 746 774
Loss of water and library materials	277 838	247 212
Fair value adjustments	(736 880)	(1 894 839)
Operating lease straight lining	(99 017)	31 813
Finance income	(550 102)	(289 126)
Finance costs	(376 438)	(169 192)
Doubtful debt impairment	75 076 891	75 455 683
Actuarial gain/loss	(15 677 615)	3 887 725
Movements in retirement benefit assets and liabilities	21 740 307	17 083 162
Rehabilitation	5 035 848	2 868 157
Other non-cash items	590 902	1 067 244
Changes in working capital:		
Inventories	7 121 092	(730 221)
Other receivables from exchange transactions	2 117 044	(740 235)
Receivables from exchange transactions	(28 562 918)	(27 094 646)
Receivables from non-exchange transactions	(54 226 393)	(60 177 251)
Other asset 2	-	-
Payables from exchange transactions	26 175 790	(7 181 210)
VAT receivable	(3 066 605)	1 440 725
Unspent conditional grants and receipts	8 623 366	(5 199 174)
Employee benefit obligation	(3 262 821)	(2 404 826)
	139 303 025	75 401 625

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
42. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	21 588 165	41 647 586
• Housing operating operating commitments	10 211 432	29 674 810
	<u>31 799 597</u>	<u>71 322 396</u>
Total capital commitments		
Already contracted for but not provided for	<u>31 799 597</u>	<u>71 322 396</u>

This committed expenditure relates to property and infrastructure and will be financed through external loans, reserves and grants.

This Expenditure will be financed from:

External loans	4 288 911	24 173 279
Government grant	21 138 686	46 722 623
Capital replacement reserve	6 371 999	426 494
	<u>31 799 596</u>	<u>71 322 396</u>

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 343 036	1 599 819
- in second to fifth year inclusive	1 139 464	593 551
- later than five years	-	-
	<u>2 482 500</u>	<u>2 193 370</u>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. The escalation clauses for the lease expenses are 8%. There is however no escalation clause included in the Rentworks and Nashua contracts. Payments made under operating leases are recognised in the Statement of financial performance on a straight-line basis over the period of the lease. The straight lining of leases resulted in decreased current year expenditure of R121 437 (2016: R 28 960).

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	52 404	175 713
- in second to fifth year inclusive	145 473	93 022
- later than five years	199 970	244 690
	<u>397 847</u>	<u>513 425</u>

Certain of the municipality's property are held to generate rental income. The escalation clauses for the lease income varies between 5% to 10%. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease. The straight lining of leases resulted in decreased current year income of R22 420 (2016: Decrease R 60 773).

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
43. Contingencies		
Guarantees		
Guarantee Eskom (ABSA)	63 400	63 400
Guarantee South-Africa Post Office Limited (ABSA)	120 000	75 000
	183 400	138 400
Legal Matters		
Worcester Land Trust/BVM Case No.3168/ 6 - Contractual contribution claimed against the municipality	31 037 841	31 037 841
Worksmens Compensation Act- Current investigation about a dispute regarding an outstanding amount due by Council	1 646 110	1 646 110
Public - Liability Insurance claims based on quotations and could result in a lesser amount or more, It is the view of management that it is unlikely that these claims will be paid out but might realise due to past experience.	7 345 222	5 684 800
Ayanda Daniso- Claims for damages suffered due to defendant removing the plaintiffs name from the list of beneficiaries of low cost housing as well as the waiting list of people with housing needs.	-	100 000
Royal Mushrooms - Claim in respect of plantation.	255 042	400 000
Claims for damages - It is view of management that it is unlikely that these claims will be paid out but might realise due to past experience.	88 675	114 979
ASLA - Claim in respect of housing projects.	1 100 000	1 129 792
Global Force- Biztorm 51t/a	71 871	-
Kleinplasia Rental - Izak Joubert	831 968	-
	42 376 729	40 113 522

44. Related parties

No related party transactions or relationships existed for the year under review for councillors or senior management with decision making authority, other than those disclosed herein. Also refer to note 28 and 29 which discloses the remuneration of key management and councillors respectively.

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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44. Related parties (continued)

Awards and payments to persons with relatives in the service of Breede Valley Municipality

1. C P Jansen Taxi's - Colin Jansen (Brother of Reginald Jansen - Employee Number 3322)

No awards in excess of R2,000 were recorded for the year under review. However, the service provider has accumulated individual awards less than R2,000 amounting to R6,200.00

Reginald Jansen is a Plans Examiner - Planning & Development, Building Control at Breede Valley Municipality

2. Enkosi Construction - Tonie Winnaar (Spouse/Husband of Juliette Winnaar)

Awards to the amount of R50,730 were made to Enkosi Construction. Included in this amount is an award above R2,000 amounting to R26,500 and other awards less than R2,000 accumulating to R24,230

Juliette Winnaar is an EPWP worker- Sewerage at the Breede Valley Municipality

3. DJ X-Zito - Xolile Vas (Spouse/Husband of Nonthando Vas-Employee Number 11028)

Awards to the amount of R73,400 were made to DJ X-Zito. Included in the amount is the awards above R2,000 amounting to R38,300 and other individual awards less than R2,000 accumulating to R35,100

Nonthando Vas is an Typist/Clerk - Human Resources Department within the Strategic Support Services Directorate of the Breede Valley Municipality

4. Lee-Handro Enterprises - Sheryl Manuel (Spouse/Wife of William Manuel-Employee Number 3431)

Awards to the amount of R60,830.00 were made to Lee-Handro Enterprises. Included in the amount is the awards above R2,000 amounting to R49,400 and other individual awards less than R2,000 accumulating to R11,430

William Manuel is a General worker - Public Works, Buildings & Structure at the Breede Valley Municipality

5. NE Mayeki Taxi's - Nombulelo Mayeki (Parent/Mother of G Simpiwe Mayeki-Employee Number 11042)

No awards above R2,000 were recorded for the year. However, the supplier accumulated individual awards which are less than R2,000 totalling to R4,760.00

Simpiwe Mayeki is the Manager-Human Settlements - Community Services at the Breede Valley Municipality

6. T H Traders - Trevor Human (Brother of Deon Human-Employee Number 3538) // (Spouse/Husband of Ashlin Human)

Awards to the amount of R50,380 were made to TH Traders. Included in the amount is the awards above R2,000 amounting to R48,480 and other individual awards less than R2,000 accumulating to R1,900

Deon Human is a Storeman - Public Works & Parks at the Breede Valley Municipality

Ashlin Human is an Accountant - Witzenberg Municipality

7. T.S Bushwana Taxis - Thamsanqa Bushwana (Father of Letitia Bushwana)

No awards above R2,000 were recorded for the year. However, the supplier accumulated individual awards which are less than R2,000 totalling to R4,400.00

Letitia Bushwana is a Clerk at the credit control section within the Breede Valley Municipality

Awards and payments to persons with relatives in the service of other Municipalities

8. Fonk & Sons Transport Pty Ltd - Ndudumo Elliot Fonk (Father of N.P. Memani)

Awards to the amount of R8,500.00 were made to Fonk & Sons Transport

N.P. Memani is employed at Bitou Municipality

9. Kemanzi (Pty) Ltd - Hazel Du Toit (Wife of Jeremy Du Toit)

Awards to the amount of R875,749.01 were made to Kemanzi (Pty) Ltd in terms of the approved tender (BV515) which was awarded in July 2016.

Jeremy Du Toit is employed by the City of Cape Town as a Traffic Inspector

10. Vuyani Electrical Supplies cc - Julia Aghulas (mother of Marvin Aghulas)

Awards to the amount of R242 452.03 were made to Vuyani Electrical Supplies. Included in the amount is the awards above R2,000 amounting to R203,117.84 and individual awards less than R2,000 accumulating to R39,334.19

Marvin Aghulas is employed by the City of Cape Town as an Electrician

Awards and payments to persons with relatives in other State Departments

11. KN Klaas - Nonzwakazi Getrude Klaas (Sister of E. Y. Belu)

Awards to the amount of R13,250 were made to KN Klaas

E.Y. Belu a Principal in the Western Cape Education Department

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
44. Related parties (continued)		
12. MIW Ntsomi Taxis (Brother of Charles Ntsomi)		
No awards in excess of R2,000 were recorded for the year under review. However, the service provider has accumulated individual awards less than R2,000 amounting to R17,200.00		
Charles Ntsomi is the Educator in the Western Cape Education Department		
13. Conradie Incorporated - Andries Francois Conradie (Husband of Tara Conradie)		
Awards to the amount of R43,567.50 were made to Conradie Incorporated. Included in the amount is the award of R427.50 which is less than R2,000		
Tara Conradie is an employee in the Western Cape Education Department		
14. Ikapa Reticulation and Flow - Randall Davids (Husband of Sophia Davids)		
Awards to the amount of R676,886.98 were made to Ikapa Reticulation and Flow, in terms of the tender (BV426) that was awarded in October 2015.		
Sophia Davids is an employee in the Western Cape Education Department		
15. Powerrec (Pty) Ltd - Vuyokazi Machimana (daughter of Vuyokazi Skosana)		
Awards to the amount of R436,703.46 were made to Powerrec (Pty) Ltd		
Vuyokazi Skosana is employed as a nurse in the Gauteng Department of Health		
16. M.M Du Toit (Spouses/Wife of W.J Du Toit)		
No awards above R2,000 were recorded for the year. However, the supplier accumulated individual awards which are less than R2,000 totalling to R3,600		
W.J Du Toit is an employee in the service of Transnet		
17. SUCCIDO Enterprises (Pty) Ltd Iram Kram (Wife of Lesley Kram)		
Awards amounting to R62,596.16 were made to SUCCIDO Enterprises (Pty) Ltd		
Lesley Kram is an employee for Transnet		
Total Payments - R 2 631 205.14		

45. Unauthorised and fruitless and wasteful expenditure

Unauthorised expenditure

Unauthorised expenditure for the financial year ended 30 June 2016 incurred on the debt impairment for receivables from non-exchange transactions: traffic fines for the amount R 18 671 895 and debt impairment for receivables from exchange transactions for the amount R 7 369 827. For the detail on the debt impairment refer to note 30. The following votes are affected by the unauthorised expenditure: Council general, Financial services and Technical services.

The unauthorised expenditure for the prior year, 30 June 2016, amounting to R 26 041 723 was condoned by Council on 23 March 2017.

Unauthorised expenditure		
Opening balance	26 041 723	106 000
Unauthorized incurred in the year	-	26 041 723
Less: Amounts condoned by council 23 March 2017,	(26 041 723)	(106 000)
	<u>-</u>	<u>26 041 723</u>

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

45. Unauthorised and fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred during the financial year ended 30 June 2017.

46. Irregular expenditure

Irregular expenditure to the amount of R2 724 507 occurred during the financial year ended 30 June 2016.

The irregular expenditure for the prior year, 30 June 2016, amounting to R2 724 507 was condoned by Council on 23 March 2017.

Opening balance	2 724 507	91 800
Add: Irregular Expenditure - current year	62 500	2 724 507
Less: Amounts condoned by council 23 March 2017	(2 724 507)	(91 800)
	62 500	2 724 507

Incident

SCM tender BV 465 original contract amount exceeded	-	245 798
Non compliance with SCM regulation 22(2): Inadequate reason for applying the urgency paragraph	-	1 700 794
Non -compliance with SCM regulation 36(1)	-	777 915
Non -compliance with SCM regulation 45	62 500	-
	62 500	2 724 507

Analysis of expenditure awaiting condonation per age classification

Current year	62 500	2 724 507
	62 500	2 724 507

47. Deviation from Supply Chain Management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them in the next council meeting and includes a note to the annual financial statements.

During the financial year under review goods/services totalling R23 740 627 were procured and the process followed in procuring those goods/services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer that considered them and subsequently approved the deviation from the normal supply chain management regulations.

A detailed list of deviations is in Appendix J available and on the municipality's website.

48. Material Losses

Water distribution losses

Kilo liters supplied	12 993 400	13 633 813
Kilo liters sold	10 705 472	11 439 824
Kilo liters lost in distribution	2 287 928	2 193 989

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
48. Material Losses (continued)		
Electricity distribution losses		
Unit bought (Kwh)	317 011 404	321 148 641
Units sold (Kwh)	297 326 394	302 649 685
Units lost in distribution (Kwh)	19 685 011	18 498 956
Percentage loss in distribution		
Water distribution losses	17,61%	16,09%
Electricity distribution losses	6%	5,76%

49. Change in estimate

Property, plant and equipment

Property, plant and equipment: A review of useful lives was done on assets. During the review, certain infrastructure, buildings, motor vehicles and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change affects that period only; or the period of the change in future periods, if the change affects both. Management concluded that it should apply the change in estimate prospectively from the start of 2017 and therefore the depreciation charge was applied prospectively from 1 July 2016 over the remaining useful life of these assets.

	2017 R	2018 R	2019 R
Decrease/(Increase) in depreciation on other assets for the year	(566 517)	(91 205)	207 617
Decrease/(Increase) in depreciation on infrastructure for the year	(381 773)	29 852	32 253
Decrease/(Increase) in depreciation on building for the year	(116 954)	(109 752)	(8 328)
	<u>(1 065 244)</u>	<u>(171 105)</u>	<u>231 542</u>

The effect on the current year is to increase the carrying amount of property, plant and equipment by R1 065 244 and decrease the depreciation expense by R1 065 244.

50. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
51. Financial instruments disclosure		
Financial assets by category		
2017		
	At amortised cost	Total
Cash and cash equivalents	92 578 150	92 578 150
Receivables from exchange transactions	81 239 254	81 239 254
Receivables from non-exchange transactions	666 357	666 357
Other receivables from non-exchange transactions	6 753 707	6 753 707
Long term receivables	6 954 921	6 954 921
Short term investments	90 000 000	90 000 000
	278 192 389	278 192 389
2016		
	At amortised cost	Total
Cash and cash equivalents	87 422 999	87 422 999
Receivables from exchange transactions	77 246 565	77 246 565
Receivables from non-exchange transactions	2 788 635	2 788 635
Other receivables from non-exchange transactions	6 546 340	6 546 340
Long term receivables	7 248 517	7 248 517
Short term investments	80 000 000	80 000 000
	261 253 056	261 253 056
Statutory receivables		
Rates	11 485 473	12 121 424
Fines	17 986 751	11 105 846
	29 472 224	23 227 270
Financial liabilities by category		
2017		
	At amortised cost	Total
Long term liabilities	240 918 059	240 918 059
Consumer deposits	3 680 515	3 680 515
Payables from exchange transactions	93 643 837	93 643 837
Unspent Conditional grants	28 363 641	28 363 641
	366 606 052	366 606 052

* See Note 50

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
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52. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Prudent liquidity risk management implies maintaining sufficient cash and investments, the availability of funding for service delivery through effective budgeting and availability of credit facilities. The municipality manages its risks through effective and efficient budgeting and credit control. The liquidity risk is thus limited.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	93 643 837	-	-	-
Consumer deposits	3 680 515	-	-	-
Long term liabilities	17 199 996	9 427 059	35 152 347	179 138 657
Unspent conditional grants	28 636 641	-	-	-
	143 160 989	9 427 059	35 152 347	179 138 657

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	67 943 497	-	-	-
Consumer deposits	4 046 101	-	-	-
Long term liabilities	22 628 117	17 199 996	31 538 607	192 179 458
Unspent conditional grants	17 965 618	-	-	-
	112 583 333	17 199 996	31 538 607	192 179 456

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
52. Risk management (continued)		
Credit risk		
Credit risk is managed by debt collection department. The credit risks, rates and consumer receivables, are managed in terms of the credit control and debt collection as well as the indigent relief policies.		
Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account past experience with the client's payment rate. Sales to customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Receivables from exchange transactions	81 239 254	77 246 565
Receivables from non-exchange transactions	666 357	2 788 635
Other receivables from non-exchange transactions	6 753 707	6 548 340
Long term receivables	6 954 921	7 248 517
Short term investments	90 000 000	80 000 000
Cash and cash equivalents	92 578 150	87 422 999
	278 192 389	281 253 056

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

A potential interest rate risk may arise from the short term deposits, cash and cash equivalents, consumer receivables, other receivables and long term receivables.

The short term deposits and cash and cash equivalents has limited exposure as the municipality interacts with well-established financial institutions of high credit standing. The investments are further of a short term nature.

Consumer receivables comprise of receivables dispersed over a large geographical area. The receivables are constantly analysed and evaluated for their financial condition. Receivables are disclosed net of the allowance for impairment. Where the accounts of the receivables become in arrears, they are collected through the levying of a penalty, the charging of interest at prime or the handing over for collection.

Long term receivables comprise mainly of the deferred consumers which shown at a fair value. The remaining long term receivables if required are charged interest at a fixed rate. The long term receivables are evaluated annually for impairment.

The municipality's has a low interest rate risk as a long-term borrowing are made on fixed interest rates.

As the municipality has no long term variable rate financial instruments no sensitivity analysis is required at year end.

Price risk

The municipality is not exposed to price risk.

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*	
53. Going concern			
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.			
54. Events after the reporting date			
No non-adjusting events have occurred after the reporting date.			
55. In-Kind donations and assistance			
The Municipality has not received any in-kind donations or assistance in the form of assets during the 2016/2017 financial year.			
56. Additional disclosure in terms of Municipal Finance Management Act			
Municipal bank accounts			
Bank statement balances	30 June 2017	30 June 2016	30 June 2015
ABSA Bank - Worcester Branch Cheque Account	100 181 392	90 411 040	106 623 648
Cash book balances	30 June 2017	30 June 2016	30 June 2015
	92 546 325	87 391 174	106 900 454
Membership fees: SALGA			
Current year subscription / fee		2 731 748	2 536 293
Amount paid - current year		(2 731 748)	(2 536 293)
		-	-
Audit fees			
Opening balance		-	-
Current year subscription / fee		3 230 060	3 434 050
Amount paid - current year		(3 230 060)	(3 434 050)
		-	-
PAYE and UIF			
Opening balance		2 614 087	2 311 607
Current year subscription / fee		33 794 356	31 647 111
Amount paid - current year		(30 780 513)	(29 033 024)
Amount paid - previous years		(2 614 086)	(2 311 607)
		3 013 844	2 614 087
Pension and medical aid deductions			
Opening balance		(226 787)	(205 860)
Current year subscription / fee		71 309 067	66 340 081
Amount paid - current year		(71 522 551)	(66 566 868)
Amount paid - previous years		226 786	205 860
		(213 485)	(226 787)

* See Note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017	2016 Restated*
56. Additional disclosure in terms of Municipal Finance Management Act (continued)		
VAT		
VAT receivable	3 280 811	214 206

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

As at 30 June 2017 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Council. The expenses incurred as listed hereunder have been condoned.

A detailed list of deviations is in Appendix K available and on the municipality's website.

* See Note 50

APPENDIX A : EXTERNAL LOANS

Mun Ref.	Fin Inst. Ref.	Date Received	Amount Received	Date Redeemable	Transactions for the year to date:				Add: Interest Accrued Current Year	Balance as at 6/30/2017	Carrying Value	Short term Portion
					Balance as at 6/30/2016	Received	Redeemed	Interest Paid				
EXTERNAL LOANS												
ANNUITY & STOCK LOANS												
3 9001 60725100												
Loans redeemed												
556		14/07/2005	21,736,259.25	31/03/2014	0.00	0.00	0.00	0.00	0.00	0.00	1,556,393.17	0.00
557		14/11/2005	22,000,000.00	31/03/2015	0.00	0.00	0.00	0.00	0.00	0.00	10,049,405.30	0.00
558				31/03/2009	0.00	0.00	0.00	0.00	0.00	0.00	13,136,182.36	0.00
559		26/06/1997	9,179,000.00	31/03/2014	0.00	0.00	0.00	0.00	0.00	0.00	64,251.97	0.00
560	10647/102	02/11/1999	3,000,000.00	31/03/2017	424,215.70	0.00	38,587.01	(12,691.61)	0.00	0.00	2,355,520.98	0.00
561	10736/102	25/07/1997	7,000,000.00	31/03/2017	985,177.33	0.00	89,612.54	(29,474.35)	0.00	0.00	448,410.80	0.00
562				30/06/2009	0.00	0.00	0.00	0.00	0.00	0.00	5,928,467.40	0.00
2569	102124/1	21/08/2006	25,000,000.00	30/09/2016	1,946,536.22	0.00	84,808.72	(42,172.64)	0.00	0.00	15,890,452.30	0.00
2961		29/09/2006	50,000,000.00	30/09/2016	3,852,897.94	0.00	197,228.83	(96,075.53)	0.00	0.00	34,083,913.42	0.00
2992		29/09/2006	5,000,000.00	30/09/2012	0.00	0.00	0.00	0.00	0.00	0.00	1,363,228.60	0.00
5027	102831/1	31/03/2008	23,000,000.00	31/03/2018	5,550,794.45	0.00	244,218.82	(69,194.83)	35,448.08	2,843,717.95	17,106,285.79	2,843,717.95
5028	10263/2	31/03/2008	40,000,000.00	31/03/2018	11,193,842.59	0.00	935,979.40	(264,009.08)	138,082.55	5,864,825.71	31,794,336.72	5,864,825.71
5029		31/03/2008	2,000,000.00	31/03/2015	0.00	0.00	0.00	0.00	0.00	0.00	157,982.84	0.00
11097	103649/2	09/03/2010	21,000,000.00	31/03/2030	17,014,769.61	0.00	782,429.38	(286,337.93)	273,507.19	16,252,390.25	18,441,537.09	814,410.72
11098	103649/1	09/03/2010	29,000,000.00	31/03/2030	25,133,940.28	0.00	752,715.85	(758,965.42)	734,295.68	24,381,224.43	26,692,455.87	845,143.18
11099	103649/3	16/07/2010	50,000,000.00	31/03/2030	44,521,217.96	0.00	1,414,317.20	(1,257,184.54)	1,217,227.88	43,108,800.76	44,845,704.16	1,577,046.77
11100	103649/4	29/06/2011	50,000,000.00	31/03/2030	45,096,492.18	0.00	1,412,883.42	(1,292,972.03)	1,252,462.92	43,683,606.76	47,023,943.42	1,577,869.46
11101	103649/5	20/06/2013	51,000,000.00	31/03/2030	47,828,281.90	0.00	1,423,547.50	(1,447,550.85)	1,404,464.57	46,402,734.30	39,790,188.85	1,802,436.51
19975	61007341	20/05/2018	38,500,000.00	31/03/2036	38,500,000.00	0.00	3,787,038.49	(484,351.60)	1,083,458.71	38,017,189.89	23,068,133.70	640,658.76
19976	61007374	20/05/2018	21,500,000.00	31/03/2036	21,500,000.00	0.00	1,124,302.52	(281,407.01)	549,895.76	20,375,697.48	18,843,440.13	1,443,756.39

APPENDIX A : EXTERNAL LOANS

INTEREST ALLOCATED INCOME & EXPENDITURE			Amount
Department	Main Vote		
Health/DeDoorns/T/River/Raws	1218	375.37	375.37
Operational Services Admin	1503	1266318.73	1,266,318.73
P.W. Stormwater Drains: Worces	1533	261775.45	261,775.45
P.W.: Street Lighting	1536	22140.64	22,140.64
P.W. Streets: Worcester	1539	1578950.10	1,578,950.10
BTO: Admin	2403	310721.90	310,721.90
Cemetery : New	3627	1447.54	1,447.54
C.B.Sport/Indoor Sport Centre	3906	551.45	551.45
C.B.:C.H.:Zwelatamba	3908	230.37	230.37
C.B.:Other Buildings	3915	194.83	194.83
C.B.:Hex Valley People's Cent	3918	266.27	266.27
C.B.:C.H.:Touws River	3921	233.22	233.22
AVIANPARK COMMUNITY CENTRE	3990	8.65	8.65
Boland Park Sportground	5130	103373.59	103,373.59
R.F.: Parks (Other)	5151	217286.26	217,286.26
R.R. Removal: Worcester	6603	41734.77	41,734.77
R.R.: Dumping Site	6606	21549.32	21,549.32
Sew...Disp.Works-Touws/Ver	6905	76047.14	76,047.14
Sew.: Disp. Works-Worcester	6906	11221050	11,221,049.63
Sew.: Disp. Works-Rawsonville	6907	182663.13	182,663.13
Sew.: Disp. Works-De Doorns	6908	120308.49	120,308.49
Sew. Networks: Worcester	6912	718656.66	718,656.66
Eles.: Network & Substation	8112	786554.3	786,554.3
Network & Pumps: Worcester	8412	990256.7	990,256.70
W.H.: Fairy Glen D	8415	1255.17	1,255.17
Bulk Water De Doorns	8416	105696.44	105,696.44
W.H.: Stetynskloof Dam	8418	225585.6	2,265,693.60
Res.: Vehicle distribution	8860	447184.87	447,184.87
			27,893,682.76
Interest Paid	2013/14		27,427,244.85
Interest Accrued	2014/15		(6,312,367.43)
Interest Accrued			6,688,805.34
Total			21,603,682.76

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2017									
	Opening balance as previously stated 30-06-2016	Prior period error	Restated opening balance 30/6/2016	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2017
LAND	241,542,706		241,542,706	-					(1,855,869)	233,675,837
BUILDINGS	263,429,767		263,429,767	8,154,666.00			(1,086,018)		(357,835)	270,440,580
INFRASTRUCTURE	2,402,361,397		2,402,361,397	84,666,575.00	(859,468)		(428,759)		(8,060,968)	2,477,668,769
HERITAGE ASSETS	38,631,059		38,631,059	-						38,631,059
OTHER ASSETS	115,588,689		115,588,689	3,691,621.00			1,514,777	909,451	(636,994)	126,997,543
INTANGIBLE ASSETS	6,858,640		6,858,640	197,970.00						7,056,610
INVESTMENT PROPERTY	20,625,500		20,625,500	-		392,500.00				21,018,000
Total	3,087,017,767	-	3,087,017,767	101,770,832	(859,468)	392,500	-	-	(10,992,684)	3,175,178,388

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
APPENDIX B: FIXED ASSET RECONCILIATION

Cost/Revaluation 2016										
Classification of Assets	Opening balance as previously stated 30.6.2015	Prior period error	Restated opening balance	Additions	Gap 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30.6.2016
LAND	245,979,610	-	245,979,610	-	-	-	(1,954,561)	-	(2,482,343)	241,542,706
BUILDINGS	255,253,933	-	255,253,933	9,069,761	-	-	-	-	(893,828)	253,429,767
INFRASTRUCTURE	2,341,255,365	-	2,341,255,365	60,501,109	(685,325)	-	1,983,717	-	(812,470)	2,402,351,397
HERITAGE ASSETS	36,631,059	-	36,631,059	-	-	-	-	-	-	36,631,059
OTHER ASSETS	113,726,099	(3,456,891)	110,231,208	13,573,476	-	-	(29,155)	(6,207,320)	(1,999,520)	115,568,889
INTANGIBLE ASSETS	6,532,592	-	6,532,592	326,046	-	-	-	-	-	6,858,640
INVESTMENT PROPERTY	8,589,700	-	8,589,700	-	-	3,859,651	8,558,349	-	(392,200)	20,625,500
Total	3,007,970,359	(3,456,891)	3,004,473,468	83,570,395	(666,325)	3,859,651	8,558,349.15	(6,207,320)	(6,580,461)	3,087,017,757

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2017						
	Opening balance as previously stated 30-06-2016	Prior period error	Restated opening balance 30-06-2016	Additions	Impairment	Disposals	Transfers
							Closing Balance 30-06-2017
LAND	-	-	-	-	-	-	238,675,837
BUILDINGS	166,921,845		166,921,845	5,480,057	-	(209,957)	172,192,545
INFRASTRUCTURE	909,364,391		909,364,391	65,313,692	529,423	(8,080,886)	97,948,035
HERITAGE ASSETS	-	-	-	-	-	-	1,510,592,773
OTHER ASSETS	50,273,794		50,273,794	17,263,199	-	-	36,631,059
INTANGIBLE ASSETS	1,463,266		1,463,266	499,293	-	(404,435)	58,864,451
INVESTMENT PROPERTY	-	-	-	-	-	-	5,094,081
Total	1,128,023,295	0	1,128,023,296	88,556,211	529,423	(8,694,778)	1,208,414,151
							1,969,764,236

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2017
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2016							Classification of Assets
	Opening balance as previously stated 30.6.2016	Prior period error	Restated opening balance	Additions	Impairment	Disposals	Transfers	Closing Balance 30.6.2016
LAND	-	-	-	-	-	-	-	-
BUILDINGS	162,430,773	-	162,430,773	5,293,020	-	(801,947)	-	166,921,845
INFRASTRUCTURE	848,709,370	-	848,709,370	61,469,710	-	(812,470)	(2,219)	909,364,391
HERITAGE ASSETS	-	-	-	-	-	-	-	-
OTHER ASSETS	35,010,408	(3,904,174)	31,106,234	20,819,745	-	(1,754,403)	2,219	50,273,794
INTANGIBLE ASSETS	987,075	-	987,075	476,191	-	-	-	1,463,266
INVESTMENT PROPERTY	-	-	-	-	-	-	-	-
Total	1,047,137,625	(3,904,174)	1,043,233,451	88,168,666	-	(3,368,821)	-	1,128,023,296
								Total

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2017

APPENDIX C : STATISTICAL INFORMATION

		2017	2016	2015	2014
(1) General Statistics					
(a) Population.	±				
(b) Valuation					
(i) Taxable					
Land		6,494,921,900	968,968,000	1,042,161,000	1,061,169,000
Improvements		17,348,304,300	15,547,314,000	14,756,937,000	14,662,367,000
(ii) Non Taxable					
Land					
Improvements					
(iii) Date of Last General Valuation		7/1/2016	7/1/2012	7/1/2012	7/1/2012
(c) Number of properties					
Residential		20,713	19,621	19,465	18,379
Commercial		1,125	1,047	702	1,015
Other		4,579	4,483	4,708	4,564
Rural		1,903	2,209	2,222	2,219
(d) Assessment Rate: Cent in the Rand		0.7360 + 1.4720	0.8520 + 1.7040	0.8520 + 1.7040	0.7526 + 1.5052
(e) Number of Employees					
Employed (inclusive councilors)		879	902	825	902
Vacancies (Funded vacancies)		178	144	168	157
(2) Electrical Statistics					
(a) Number of users	±	27 853	20 830	24 386	24 333
(b) Units bought	kWh	317 011 404	321 148 641	318 032 277	319 877 983
(c) Units sold	kWh	297 326 394	302 849 885	298 429 985	298 738 559
(d) Units lost in distribution	kWh	19,885,011	18,498,958	19,802,291	23,139,404
(e) Percentage of units lost in distribution		6.2098%	5.7602%	6.184%	7.234%
(f) Cost per unit bought	R	1.119742	1.024017	0.917023	0.888741
(g) Loss in distribution	R	22,042,128	18,943,248	17,975,754	20,055,870
(h) Cost per unit sold	R	1.193876	1.088608	0.977258	0.934329
(i) Income per unit sold	R	1.318579	1.208169	1.078843	1.017018
(3) Water Statistics					
(a) Number of users	±	28,273	27,884	25,486	25,427
(b) Units supplied	Kl	12,993,400	13,633,813	15,150,339	11,740,512
(c) Units sold	Kl	10,705,472	11,439,824	12,294,092	10,621,976
(d) Units lost in distribution	Kl	2,287,928	2,193,989	2,856,247	1,118,536
(e) Percentage of units lost in distribution		17.6084%	16.0923%	18.8527%	9.5271%
(f) Cost per unit supplied	R	5.674011	5.608079	6.631379	5.920327
(g) Loss in distribution	R	12,981,730	12,304,064	18,940,856	6,622,099
(h) Cost per unit sold	R	6.886637	6.683625	7.136594	6.543760
(i) Income per unit sold	R	6.484819	6.814768	6.260953	6.086170
(4) Sundry Statistics					
(a) Area in km²		3,833	3,833	3,833	3,833
(b) Previous election					
Number of registered voters		70,002	70,002	70,002	70,002
% poll					
(c) Building survey:					
(i) Building plans					
Number passed		562	674	1678	925
Value passed (R '000)		R 424,564,000	475,154,000	471,862,000	478,160,000
(ii) Inspections performed	±	3,468	2,188	3,941	4,000
(d) Housing					
(i) Number of dwelling units		2,682	2,696	2,703	3,044
(ii) Number of people acco	±	102	111	13,515	
(iii) Number of people on waiting list		26,000	25,000	24,615	23,194
(e) Fire service stations		2	2	2	2

BREDE VALLEY MUNICIPALITY																		
Annual Financial Statements for the year ended 30 June 2017																		
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																		
NAME OF GRANTS	Name of origin of state or Municipality Entity	Balance July 2016	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2017	Grants and subsidies delivered/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for non compliance
			Quarterly Receipts				Quarterly Expenses					Grants and subsidies delivered/ withheld						
			Sept 16	Dec 16	March 17	June 17	Sept 16	Dec 16	March 17	June 17		Sept 16	Dec 16	March 17	June 17			
Equitable Share	National	-	36,585,000	29,508,000	22,131,000	-	27,663,750	25,204,750	19,657,250	16,598,250	-	-	-	-	-	Yes	None	
Financial Management grant	National	-	1,475,000	-	-	-	392,297	300,875	151,280	539,548	-	-	-	-	-	Yes	None	
EPW: National	National	-	323,000	581,000	387,000	-	160,935	912,720	129,550	97,795	-	-	-	-	-	Yes	None	
Main Infrast. Grant (MIG)	National	-	5,329,000	13,460,000	14,096,000	-	1,458,612	12,518,189	9,663,020	9,244,179	-	-	-	-	-	Yes	None	
Energy Efficient LED	National	-	-	3,000,000	1,000,000	-	-	-	2,450,656	881,028	648,316	-	-	-	-	Yes	Saving on project	
Public Libraries- Operational	Provincial	-	5,444,000	2,188,000	-	-	1,800,763	1,914,555	1,873,392	2,843,290	-	-	-	-	-	Yes	None	
Public Libraries- Capital	National	2,000,000	-	406,000	2,594,000	-	-	-	-	120,480	4,877,520	-	-	-	-	Yes	Project not completed	
National Roads Agency	Provincial	-	-	-	152,000	-	-	-	152,000	-	-	-	-	-	-	Yes	None	
CDW Grant Support 0809	Provincial	60,484	91,000	-	-	-	32,598	24,618	21,836	14,703	(50,439)	-	-	-	-	Yes	Project ongoing	
PMSC: Bika Management	Provincial	-	-	-	84,000	-	-	-	-	84,000	-	-	-	-	-	Yes	None	
PMSC: Man Capacity grant	Provincial	-	-	-	120,000	-	-	-	-	120,000	-	-	-	-	-	Yes	None	
PMSC: Implement. of mSCOA	Provincial	-	-	-	220,000	-	-	-	107,499	49,101	63,400	-	-	-	-	Yes	Project ongoing	
PMSC: Internal Audit - OFE	Provincial	75,570	-	-	130,000	-	-	-	-	116,042	89,529	-	-	-	-	Yes	Project ongoing	
PMSC: Internal Audit - CAP	Provincial	44,277	-	-	-	-	-	-	42,943	1,333	0	-	-	-	-	Yes	Project ongoing	
Thurston Centre	Provincial	-	-	-	100,000	-	-	-	8,122	91,878	-	-	-	-	-	Yes	None	
RSEF Projects- Operational	Provincial	75,100	-	-	470,000	-	-	11,850	-	73,750	457,490	-	-	-	-	Yes	Project not completed	
RSEF Projects Capital	Provincial	1,218,077	-	4,000,000	5,899,808	-	156,764	58,532	704,147	3,243,705	6,084,910	-	-	-	-	Yes	Project not completed	
LG Graduate Internship Grant	Provincial	-	-	-	60,000	-	-	-	-	-	60,000	-	-	-	-	Yes	Project not completed	
Zwelihermba 242 given	Provincial	67,434	-	-	-	-	-	-	-	-	717,949	-	-	-	-	Yes	Project ongoing	
De Doorns 1400 PLS	Provincial	7,918,517	-	-	-	-	-	1,817,829	-	-	5,480,748	-	-	-	-	Yes	Project ongoing	
Avian Park 438 Houses	Provincial	2,089,797	-	-	-	-	-	-	-	-	2,039,797	-	-	-	-	Yes	Project ongoing	
De Nova Town Development	Provincial	520,187	-	-	-	-	-	153,022	-	-	367,175	-	-	-	-	Yes	Project ongoing	
Summerside Orchard Do doorns	Provincial	-	-	4,277,482	14,277,482	-	-	-	-	-	-	-	-	-	-	Yes	Project ongoing	
Summerside Orchard Capital	Provincial	-	-	4,277,482	2,365,105	-	-	-	2,999,842	3,646,745	-	-	-	-	-	Yes	Project ongoing	
Avian Park 205 Houses	Provincial	(1,486,514)	3,441,540	3,025,048	3,944,756	2,203,742	1,955,026	3,025,084	3,944,756	2,209,526	(5,764)	-	-	-	-	Yes	Project ongoing	
Little Deeds	Provincial	-	-	-	-	865,000	-	-	-	-	866,000	-	-	-	-	Yes	Project ongoing	
Township Capital	Provincial	-	-	200,000	201,477	-	-	-	200,000	781,477	-	-	-	-	-	Yes	Project completed	
PAWC fire equipment	Provincial	-	-	1,500,000	-	-	-	-	-	-	1,500,000	-	-	-	-	Yes	Project ongoing	
Housing Ballotress	Provincial	0	-	10,000,000	-	-	-	-	-	10,000,000	0	-	-	-	-	Yes	None	
Housing Consumer Education	Cape Wineland district Municipality	-	-	-	300,000	-	-	-	-	-	300,000	-	-	-	-	Yes	None	
58 Houses for staff (SAMWU)	Housing grants	44,824	-	-	-	-	-	-	-	-	44,824	-	-	-	-	No	Project ongoing	

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Appendix E A2 WC025 Breede Valley - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)												
Description	2016/17						2015/16					
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Revenue - Standard	186 427	7 684	174 111	178 319		4 206	102.4%	107.1%				155 423
Governance and administration												
Executive and council	816	601	1 417	1 151		(268)	81.2%	141.1%				3 682
Budget and treasury office	154 233	4 169	158 393	170 134		11 740	107.4%	110.3%				149 287
Corporate services	11 379	2 922	14 301	7 035		(7 268)	49.2%	61.8%				2 454
Community and public safety	113 661	32 351	146 012	110 845		(35 168)	75.9%	97.5%				102 222
Community and social services	9 826	2 109	11 926	7 580		(4 346)	63.8%	77.1%				11 333
Sport and recreation	2 958	(632)	2 326	1 051		(1 274)	45.2%	35.5%				(1 582)
Public safety	63 668	28 020	91 688	78 754		(10 934)	87.8%	123.7%				55 161
Housing	37 209	4 863	42 072	23 459		(18 614)	55.8%	63.0%				27 260
Health	-	-	-	-		-	-	-				-
Economic and environmental services												
Planning and development	14 322	(686)	13 636	14 414		778	105.7%	100.9%				19 607
Road transport	1 385	-	1 385	1 322		(63)	95.5%	95.5%				1 593
Environmental protection	10 848	1 142	11 991	11 479		(512)	95.7%	105.8%				17 208
Trading services												
Electricity	620 330	(1 820)	621 066	624 688		(3 661)	98.5%	100.1%				590 726
Water	392 274	-	392 274	387 423		(4 852)	98.8%	98.6%				381 686
Waste water management	79 007	(1 325)	77 682	84 268		6 586	108.5%	106.7%				90 725
Waste management	98 321	15 042	114 363	103 635		(10 728)	90.6%	104.3%				60 610
Other	49 747	-	49 747	49 360		(387)	99.2%	99.2%				47 304
Other	(78)	-	(78)	(65)		13	82.8%	83.8%				(52)
Total Revenue - Standard	914 663	53 065	967 747	928 196		(39 549)	95.9%	101.5%				858 118
Expenditure - Standard												
Governance and administration												
Executive and council	177 285	(20 488)	156 797	152 933		(3 834)	97.5%	86.3%				154 327
Budget and treasury office	44 327	168	44 495	43 367		(1 128)	97.5%	97.8%				44 431
Corporate services	68 044	(14 920)	53 124	49 651		(3 473)	93.5%	73.0%				52 825
Community and public safety	64 884	(5 738)	59 146	59 915		767	101.3%	92.3%				57 070
Community and social services	189 116	14 146	203 263	187 987		(15 275)	92.5%	99.4%				175 582
Sport and recreation	23 544	(897)	22 648	21 842		(806)	95.4%	92.8%				16 287
Public safety	25 852	(2 802)	23 050	21 879		(1 171)	94.9%	84.6%				19 734
Housing	92 735	11 051	103 787	101 963		(1 833)	98.2%	110.0%				102 869
Health	46 485	6 738	53 223	41 831		(11 402)	78.5%	90.0%				34 158
Economic and environmental services												
Planning and development	68 176	(3 038)	65 138	65 352		224	100.3%	95.9%				59 001
Road transport	11 772	(653)	11 109	10 927		(182)	98.4%	92.8%				9 980
Environmental protection	47 588	(1 044)	46 555	46 963		409	100.9%	98.7%				42 334
Trading services												
Electricity	8 806	(1 331)	7 475	7 472		(3)	100.0%	84.9%				6 888
Water	477 919	35 258	513 177	513 020		(157)	100.0%	107.3%				477 802
Waste water management	335 195	1 729	336 923	336 904		(19)	100.0%	100.5%				311 008
Waste management	44 984	9 098	54 081	54 080		(2)	100.0%	120.2%				48 528
Other	44 809	15 855	60 664	61 579		(60)	99.9%	115.9%				61 401
Other	1 334	(134)	1 200	60 447		(53)	99.9%	135.5%				56 668
Total Expenditure - Standard	913 800	23 745	937 545	920 081		(19 454)	97.9%	100.7%				868 821
Surplus/Deficit for the year	862	27 320	28 203	8 117		(20 085)	28.3%	920.1%				(10 705)

111

Appendix FA3
WC025 Breede Valley - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2016/17					2015/16						
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Council General	124	-	124	766		643	620.5%	620.5%				2,803
Vote 2 - Municipal Manager	8,000	3,613	11,613	4,493		(7,120)	38.7%	56.2%				1,324
Vote 3 - Strategic Support Services	(277)	60	(217)	(450)		(234)	207.9%	162.8%				(471)
Vote 4 - Financial Services	14,360	3,911	158,271	171,248		12,978	108.2%	110.9%				152,491
Vote 5 - Community Services	146,218	32,451	158,659	121,247		(37,423)	76.4%	96.1%				118,816
Vote 6 - Technical Services	616,257	13,030	639,288	630,894		(8,394)	96.7%	100.7%				583,353
Example 7 - Vote7	-	-	-	-		-	-	-				-
Example 8 - Vote8	-	-	-	-		-	-	-				-
Example 9 - Vote9	-	-	-	-		-	-	-				-
Example 10 - Vote10	-	-	-	-		-	-	-				-
Example 11 - Vote11	-	-	-	-		-	-	-				-
Example 12 - Vote12	-	-	-	-		-	-	-				-
Example 13 - Vote13	-	-	-	-		-	-	-				-
Example 14 - Vote14	-	-	-	-		-	-	-				-
Example 15 - Vote15	-	-	-	-		-	-	-				-
Total Revenue by Vote	914,683	53,055	967,747	928,198		(39,549)	95.9%	101.5%				858,116
Expenditure by Vote to be appropriated												
Vote 1 - Council General	30,128	(273)	29,854	29,850		(4)	100.0%	99.1%	-	-	-	30,855
Vote 2 - Municipal Manager	7,661	(36)	7,626	6,336		(1,269)	83.1%	82.7%	-	-	-	6,007
Vote 3 - Strategic Support Services	55,276	(1,055)	54,220	51,301		(2,320)	95.7%	93.9%	-	-	-	47,295
Vote 4 - Financial Services	75,035	(16,107)	58,928	56,743		(2,185)	96.3%	75.6%	-	-	-	59,992
Vote 5 - Community Services	182,897	13,763	196,651	183,583		(13,068)	93.4%	100.4%	-	-	-	172,003
Vote 6 - Technical Services	562,803	29,462	592,266	591,668		(597)	99.3%	105.1%	-	-	-	552,668
Example 7 - Vote7	-	-	-	-		-	-	-	-	-	-	-
Example 8 - Vote8	-	-	-	-		-	-	-	-	-	-	-
Example 9 - Vote9	-	-	-	-		-	-	-	-	-	-	-
Example 10 - Vote10	-	-	-	-		-	-	-	-	-	-	-
Example 11 - Vote11	-	-	-	-		-	-	-	-	-	-	-
Example 12 - Vote12	-	-	-	-		-	-	-	-	-	-	-
Example 13 - Vote13	-	-	-	-		-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-		-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-		-	-	-	-	-	-	-
Total Expenditure by Vote	913,800	25,745	939,545	920,081	-	(19,464)	97.9%	100.7%	-	-	-	868,821
Surplus/(Deficit) for the year	882	27,320	28,203	8,117		(20,085)	28.8%	920.1%				(10,705)

Appendix G A4

WC025 Breede Valley - Reconciliation of Table A4 Budgeted Financial Performance (Revenue and ex. expenditure)

Description	2016/17						2015/16					
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	112,202	-	112,202	119,186		5,983	106.2%	106.2%				103,565
Property rates - penalties & collection charges	885	115	1,000	1,386		385	135.5%	156.6%				1,001
Service charges - electricity revenue	385,044	-	385,044	377,949		(7,095)	98.2%	98.2%				353,171
Service charges - water revenue	54,159	-	54,159	58,432		4,274	107.9%	107.9%				58,332
Service charges - sanitation revenue	58,398	-	58,398	48,265		(10,133)	82.7%	82.7%				54,553
Service charges - refuse revenue	33,433	-	33,433	36,743		3,309	108.9%	108.9%				35,221
Service charges - other	(25,784)	(4)	(25,788)	(17,874)		7,914	69.3%	69.3%				(26,449)
Rental of facilities and equipment	14,655	-	14,655	14,462		(193)	98.7%	98.7%				13,500
Interest earned - external investments	10,000	2,000	12,000	17,173		5,173	143.1%	171.7%				10,919
Interest earned - outstanding debtors	2,834	1,167	4,000	4,251		251	105.3%	150.0%				3,840
Dividends received	-	-	-	-		-	-	-				-
Fines	83,320	24,400	87,720	75,463		(12,257)	86.0%	119.2%				69,121
Licences and permits	2,987	-	2,987	3,176		189	106.3%	106.3%				3,106
Agency services	6,942	-	6,942	6,902		(40)	99.4%	99.4%				6,610
Transfers recognised - operational	134,048	4,452	138,500	115,737		(22,763)	83.6%	86.3%				118,148
Other revenue	8,539	100	8,639	8,405		(235)	97.3%	98.4%				14,019
Gains on disposal of PPE	1,060	-	1,060	351		(709)	33.1%	33.1%				1,382
Total Revenue (excluding capital transfers and contributions)	862,723	32,229	894,953	870,025		(24,927)	97.2%	100.8%				819,087
Expenditure By Type												
Employee related costs	270,803	(16,565)	254,238	249,882		(4,356)	98.3%	92.3%			-	239,802
Remuneration of councillors	16,168	(483)	15,684	15,615		(69)	99.5%	96.6%			-	15,309
Debt impairment	52,379	23,160	75,539	75,077		(462)	99.4%	143.3%			-	75,456
Depreciation & asset impairment	84,095	-	84,095	89,086		4,991	105.9%	105.9%			-	88,159
Finance charges	28,412	-	28,412	27,804		(608)	97.9%	97.9%			-	24,301
Bulk purchases	275,853	530	276,224	274,376		(1,848)	99.3%	99.5%			-	255,455
Other materials	55,423	9,697	65,120	65,100		(20)	100.0%	117.5%			-	49,647
Contracted services	10,243	905	11,148	11,013		(135)	98.8%	107.5%			-	9,400
Transfers and grants	738	-	738	310		(428)	42.0%	42.0%			-	280
Other expenditure	119,616	8,500	128,116	109,568		(18,548)	85.5%	91.6%			-	116,883
Loss on disposal of PPE	230	-	230	2,251		2,020	976.5%	976.5%			-	3,128
Total Expenditure	913,800	25,749	939,549	920,081	-	(19,468)	97.9%	100.7%	-	-	-	883,821
Surplus/(Deficit)	(51,077)	6,485	(44,592)	(50,056)		(5,463)	112.3%	98.0%	-	-	-	(50,754)
Transfers recognised - capital	51,960	20,835	72,795	58,173		(14,622)	79.9%	112.0%	-	-	-	40,049
Contributions recognised - capital	-	-	-	-		-	-	-	-	-	-	-
Contributed assets	-	-	-	-		-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	882	27,320	28,203	8,117		(20,085)	28.8%	920.1%	-	-	-	(10,705)
Taxation	-	-	-	-		-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	882	27,320	28,203	8,117		(20,085)	28.8%	920.1%	-	-	-	(10,705)
Attributable to minorities	-	-	-	-		-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	882	27,320	28,203	8,117		(20,085)	28.8%	920.1%	-	-	-	(10,705)
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-	-	-	-	-
Surplus/(Deficit) for the year	882	27,320	28,203	8,117		(20,085)	28.8%	920.1%	-	-	-	(10,705)

113

Appendix H A4 WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding												
Vote Description R thousand	2016/17						2015/16					
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Example 1 - Vote1												
Example 2 - Vote2												
Example 3 - Vote3												
Example 4 - Vote4												
Example 5 - Vote5												
Example 6 - Vote6												
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Capital multi-year expenditure												
Single-year expenditure												
Vote 1 - Council General	10			5		(5)	53%	53%				
Vote 2 - Municipal Manager	7,532	3,507	11,039	4,208		(6,833)	38%	56%				919
Vote 3 - Strategic Support Services	5,525	118	5,644	4,227		(1,416)	75%	77%				3,911
Vote 4 - Financial Services	802	391	1,193	722		(471)	61%	90%				1,080
Vote 5 - Community Services	10,202	5,450	15,653	7,214		(8,439)	46%	71%				8,664
Vote 6 - Technical Services	64,406	41,222	105,628	85,136		(20,492)	81%	132%				68,986
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Capital single-year expenditure	88,478	50,888	139,166	101,511		(37,655)	73%	115%				83,570
Total Capital Expenditure - Vote	88,478	50,888	139,166	101,511		(37,655)	73%	115%				83,570

Appendix H A4 WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding												
Vote Description	2016/17						2015/16					
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration												
Executive and council	14,369	4,216	13,586	9,820	-	(8,765)	53%	68%	-	-	-	16,647
Budget and treasury office	14	330	344	316	-	(28)	92%	2259%	-	-	-	195
Corporate services	802	391	1,193	725	-	(468)	61%	90%	-	-	-	1,208
Community and public safety	13,553	3,495	17,048	8,778	-	(9,270)	51%	65%	-	-	-	15,244
Community and social services	14,852	5,498	20,350	11,167	-	(9,183)	55%	75%	-	-	-	11,765
Sport and recreation	3,030	2,030	5,060	179	-	(4,881)	4%	6%	-	-	-	5,163
Public safety	2,967	(411)	2,556	2,193	-	(363)	86%	74%	-	-	-	4,059
Housing	8,856	3,873	12,729	8,795	-	(3,934)	69%	99%	-	-	-	2,499
Health	-	5	5	-	-	(5)	-	-	-	-	-	44
Economic and environmental services												
Planning and development	4,861	7,576	12,437	9,078	-	(3,359)	73%	187%	-	-	-	18,844
Road transport	4,861	7,576	12,437	9,078	-	(3,359)	73%	187%	-	-	-	18,809
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services												
Electricity	54,395	33,398	87,794	71,646	-	(16,148)	82%	132%	-	-	-	36,315
Water	3,857	4,984	8,850	8,420	-	(430)	95%	218%	-	-	-	6,732
Waste water management	17,761	859	18,620	18,073	-	(547)	97%	102%	-	-	-	19,788
Waste management	28,981	27,145	56,126	44,369	-	(11,757)	79%	153%	-	-	-	4,922
Other	3,797	400	4,197	783	-	(3,414)	19%	21%	-	-	-	4,873
Total Capital Expenditure - Standard	88,478	50,688	139,166	101,711	-	(37,455)	73%	115%	-	-	-	83,570
Funded by:												
National Government	36,885	-	36,885	35,782	-	(1,103)	97%	97%	-	-	-	32,457
Provincial Government	15,075	20,835	35,910	21,956	-	(13,954)	61%	146%	-	-	-	5,624
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	0
Transfers recognised - capital	51,960	20,835	72,795	57,738	-	(15,057)	79%	111%	-	-	-	38,081
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	20,228	22,599	42,826	25,700	-	(17,127)	60%	127%	-	-	-	23,297
Internally generated funds	16,291	7,254	23,545	18,272	-	(5,272)	78%	112%	-	-	-	22,193
Total Capital Funding	88,478	50,688	139,166	101,711	-	(37,455)	73%	115%	-	-	-	83,570

Appendix I Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2016/17							2015/16
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	663,866	240	664,107	649,298	(14,809)	97.8%	97.8%	599,221
Government - operating	134,048	3,962	138,010	114,490	(23,520)	83.0%	85.4%	109,604
Government - capital	51,960	17,427	69,387	68,043	(1,343)	98.1%	131.0%	41,394
Interest	12,834	3,167	16,000	20,874	4,874	130.5%	162.7%	14,469
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(748,177)	(3,484)	(751,662)	(684,912)	66,750	91.1%	91.5%	(664,536)
Finance charges	(28,233)	-	(28,233)	(28,180)	52	99.8%	99.8%	(24,471)
Transfers and Grants	(738)	-	(738)	(310)	428	42.0%	42.0%	(280)
NET CASH FROM/(USED) OPERATING ACTIVITIES	85,560	21,311	106,871	139,303	32,432	130.3%	162.8%	75,402
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	1,465
Decrease (Increase) in non current debtors	-	-	-	-	-	-	-	-
Decrease (Increase) other non current receivables	50	-	50	159	109	317.5%	317.5%	1,458
Decrease (increase) in non-current investments	-	-	-	(10,000)	(10,000)	#DIV/0!	#DIV/0!	(50,000)
Payments								
Capital assets	(88,478)	(50,688)	(139,166)	(101,313)	37,853	72.8%	114.5%	(83,570)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(88,428)	(50,688)	(139,116)	(111,154)	27,962	79.9%	125.7%	(130,848)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	60,000
Borrowing long term/refinancing	-	-	-	-	-	-	-	365
Increase (decrease) in consumer deposits	250	-	250	(368)	(616)	-146.2%	-146.2%	365
Payments								
Repayment of borrowing	(21,923,602)	-	(21,924)	(22,628)	(705)	103.2%	103.2%	(24,827)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(21,674)	-	(21,674)	(22,994)	(1,320)	106.1%	106.1%	35,738
NET INCREASE/ (DECREASE) IN CASH HELD	(24,542)	(29,377)	(53,918)	5,155	10,173	197.7%	84.1%	(19,508)
Cash/cash equivalents at the year begin:	134,584	32,829	-	87,423	10,173	117.1%	117.1%	106,931
Cash/cash equivalents at the year end:	110,053	3,452	(53,918)	92,578	10,173	117.1%	84.1%	106,931

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016 2017 FINANCIAL YEAR

Order nr.	Amount	Service Provider	Reason
DEVIATIONS FOR THE MONTH: JULY 2016			
1141012	2,962.86	CSX Customer Services	Sole Supplier
1141013	4,247.40	Worcester Build IT	Sole Supplier
1141400	31,774.08	Idexx Laboratories	Sole Supplier
1141212	2,850.00	Tony's Motor Spares	Sole Supplier
1141408	9,245.40	Meycom	Sole Supplier
1141433	58,508.22	Knowledge Base Sales	Sole Supplier
[6]	109,587.96		
1141058	15,800.00	Olivier Kontrakteur	Emergency
1141141	2,233.26	Boland Ingenieurs	Emergency
1141363	55,320.00	Wynland Skip Hire	Emergency
1141430	9,712.80	Meyer Electric & Construction	Emergency
[4]	83,066.08		
1141129	81,001.30	Hydrenco	Strip & Quote
1141130	31,477.40	Hydrenco	Strip & Quote
1141310	35,386.53	Audensberg Toyota	Strip & Quote
1141311	35,386.53	Audensberg Toyota	Strip & Quote
[4]	183,251.76		
1141167	112,860.00	Aqua Transport	Exceptional case whereby it is impractical to follow a normal procurement process
1140970	42,134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1140971	70,680.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1141366	147,995.94	First Technology	Exceptional case whereby it is impractical to follow a normal procurement process
1141384	3,397.20	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1141481	581,535.46	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
[6]	958,603.00		
TOTAL	1,334,508.78		
[20]			
DEVIATIONS FOR THE MONTH: AUGUST 2016			
Order nr.	Amount	Service Provider	Reason
1142165	2,186.55	Aqua Africa cc	Sole Supplier
1141676	16,017.00	Infra-Red	Sole Supplier
1141683	85,500.00	Ronre Electrical Enterprises	Sole Supplier
1141969	18,422.26	Elster Kent Metering	Sole Supplier
1142006	7,505.59	Orbit Motors Boland	Sole Supplier
1142007	3,803.91	Orbit Motors Boland	Sole Supplier
[6]	133,435.31		
1141594	99,498.49	JPCE	Emergency
1141599	3,189.72	Cum Laude Konstruksie	Emergency
1141728	2,023.50	Winterbach Broers	Emergency
1141729	2,205.90	Winterbach Broers	Emergency
1141845	3,990.00	Meyer Electrical & Construction	Emergency
1141846	9,712.80	Meyer Electrical & Construction	Emergency
1142023	338,580.00	Aqua Transport	Emergency
1142037	51,200.00	Wynland Skip Hire	Emergency
1142038	2,410.45	Autacs Signs	Emergency
1142165	2,186.53	Aqua Africa	Emergency
1142181	6,520.00	Giles Supertension Jointing	Emergency
[11]	521,517.39		
1141677	31,707.95	AAD Truck & Bus Worcester	Strip & Quote
1141775	45,530.46	HSM Amanzi Pump and Sewerage	Strip & Quote
1141939	62,058.18	HSM Amanzi Pump and Sewerage	Strip & Quote
[3]	139,296.59		
1141987	15,000.00	T.H De Koker Municipality	Exceptional case whereby it is impractical to follow a normal procurement process
1141679	18,037.00	Masiqhame Trading 77cc	Exceptional case whereby it is impractical to follow a normal procurement process
1141517	2,157.45	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1141546	36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1142183	26,031.48	Rentokil Initial PTY LTD	Exceptional case whereby it is impractical to follow a normal procurement process
1141550	34,827.00	Beirrowplas Recycling cc	Exceptional case whereby it is impractical to follow a normal procurement process
1141618	164,491.20	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142181	6,520.00	Giles Supertension Jointing cc	Exceptional case whereby it is impractical to follow a normal procurement process
1141686	7,866.00	Giles Supertension Jointing cc	Exceptional case whereby it is impractical to follow a normal procurement process
1141680	30,000.00	Fabulous Foods	Exceptional case whereby it is impractical to follow a normal procurement process

BREEDE VALLEY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR

Order nr.	Amount	Service Provider	Reason
1141645	2,594.55	Quenets Family Pharmacy	Exceptional case whereby it is impractical to follow a normal procurement process
1141671	27,402.50	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1141695	21,375.00	Applied Business Computing	Exceptional case whereby it is impractical to follow a normal procurement process
1141700	112,860.00	Aqua Transport	Exceptional case whereby it is impractical to follow a normal procurement process
1141721	7,095.34	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1141763	10,260.00	Porterville Grondwerke	Exceptional case whereby it is impractical to follow a normal procurement process
1141773	6,297.00	T.H De Koker Municipality	Exceptional case whereby it is impractical to follow a normal procurement process
1141940	3,534.00	Eart 2 Sky	Exceptional case whereby it is impractical to follow a normal procurement process
1141963	7,072.07	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1141990	29,599.07	Greenline Aluminum	Exceptional case whereby it is impractical to follow a normal procurement process
1142004	42,134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142005	70,680.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142009	6,318.60	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142011	19,841.39	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142032	96,672.00	SMSPortal	Exceptional case whereby it is impractical to follow a normal procurement process
1142036	17,364.48	De Vries De Wet & Kroukram	Exceptional case whereby it is impractical to follow a normal procurement process
1142040	3,833.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142075	55,132.33	CAB Holdings	Exceptional case whereby it is impractical to follow a normal procurement process
1142077	20,793.05	Breerivier Kommunikasie	Exceptional case whereby it is impractical to follow a normal procurement process
1142142	28,500.00	Harmonious Pools	Exceptional case whereby it is impractical to follow a normal procurement process
1142178	24,788.16	Emerald Infrastructure Solution	Exceptional case whereby it is impractical to follow a normal procurement process
1142183	26,031.48	Rentokil Initial	Exceptional case whereby it is impractical to follow a normal procurement process
1142198	105,521.44	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1142199	3,397.20	X-Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1142200	36,088.39	Protea Coin	Exceptional case whereby it is impractical to follow a normal procurement process
[35]	1,126,299.97		
Total	1,920,549.26		
[56]			
DEVIATIONS FOR THE MONTH: SEPTEMBER 2016			
Order nr.	Amount	Service Provider	Reason
1142520	12,720.00	Bentley Systems	Sole Supplier
1142525	127,575.22	Pragma Africa	Sole Supplier
1142528	26,687.40	Boland Hydraulics	Sole Supplier
1142529	4,480.20	Worcester Nissan	Sole Supplier
1142546	29,190.84	Drager South Africa	Sole Supplier
1142617	3,301.12	Orbit Motors Boland	Sole Supplier
1142639	13,671.80	Showtex Events Textiles	Sole Supplier
1142692	4,105.66	Battery Centre	Sole Supplier
1142734	44,991.08	Inspired Interfaces Limited	Sole Supplier
1143013	16,496.70	Raimondi Worcester	Sole Supplier
1143083	13,713.52	Anatech Instruments	Sole Supplier
1143119	9,591.16	Patch Industrial Supplies	Sole Supplier
1143127	35,065.26	Industrial Screening Technology	Sole Supplier
1143128	23,822.51	Anatech Instruments	Sole Supplier
[14]	365,412.47		
1142709	176,864.16	DJ Philips Bouer	Emergency
1142301	14,470.00	Brandwacht Besproeiing	Emergency
1142389	11,250.00	Olivier Kontrakteur	Emergency
1142574	2,416.17	WM Spilhaus Hexvallei	Emergency
1142916	3,956.41	Kaap Agri	Emergency
1142740	5,244.00	WM Spilhaus Hexvallei	Emergency
1142822	30,000.00	Beirrowplas Recycling	Emergency
1143118	5,700.00	Winterbach Broers	Emergency
1143120	3,762.00	Winterbach Broers	Emergency
[9]	253,662.74		
1142693	38,720.10	Worcester Gearbox Centre	Strip & Quote
1142833	88,549.70	Hydreco	Strip & Quote
[2]	127,269.80		

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016 2017 FINANCIAL YEAR.

Order nr.	Amount	Service Provider	Reason
1142835	9,018.50	Masiqhame Trading	Exceptional case whereby it is impractical to follow a normal procurement process
1142401	26,400.00	Linemark	Exceptional case whereby it is impractical to follow a normal procurement process
1142427	581,535.46	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1142459	34,042.68	Alpha Civil	Exceptional case whereby it is impractical to follow a normal procurement process
1142670	36,293.04	Alpha Civil	Exceptional case whereby it is impractical to follow a normal procurement process
1142460	32,543.58	Alpha Civil	Exceptional case whereby it is impractical to follow a normal procurement process
1142462	101,118.00	Adapt IT	Exceptional case whereby it is impractical to follow a normal procurement process
1142634	8,151.00	De Vries De Wet & Krouwkam	Exceptional case whereby it is impractical to follow a normal procurement process
1142751	958,899.60	Bytes Systems Integration	Exceptional case whereby it is impractical to follow a normal procurement process
1142764	11,052.77	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1142823	42,134.40	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142824	70,680.00	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1142832	3,395.01	Autozone	Exceptional case whereby it is impractical to follow a normal procurement process
1142895	4,856.43	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1142914	3,813.47	Cape Office Machines	Exceptional case whereby it is impractical to follow a normal procurement process
1142480	123,710.09	Rentworks Africa (Pty) Ltd	Exceptional case whereby it is impractical to follow a normal procurement process
1142916	3,956.49	Kaap Agri Worcester	Exceptional case whereby it is impractical to follow a normal procurement process
1142922	35,820.65	GS & T	Exceptional case whereby it is impractical to follow a normal procurement process
1142930	55,440.00	Wynland Skip Hire	Exceptional case whereby it is impractical to follow a normal procurement process
1142937	5,681,857.04	ABB South Africa	Exceptional case whereby it is impractical to follow a normal procurement process
1142962	4,041.30	Riding & Wall	Exceptional case whereby it is impractical to follow a normal procurement process
1143098	14,768.70	Fulcrum Technologies	Exceptional case whereby it is impractical to follow a normal procurement process
1143097	36,097.47	Giles Supertension Joining	Exceptional case whereby it is impractical to follow a normal procurement process
1143111	20,976.00	De La Rosa Ingenieurs	Exceptional case whereby it is impractical to follow a normal procurement process
1142587	4,200.00	Soda Ebrahim Cateters	Exceptional case whereby it is impractical to follow a normal procurement process
1143114	7,000.00	Soda Ebrahim Cateters	Exceptional case whereby it is impractical to follow a normal procurement process
(26)	7,911,801.68		
Total	8,658,146.69		
(51)			

BREDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR.

Order nr.	Amount	Service Provider	Reason
DEVIATIONS FOR THE MONTH: OCTOBER 2016			
Order nr.	Amount	Service Provider	Reason
1143317	2,417.51	Jaffe's Ford	Sole Supplier
1143319	4,788.00	Worcester Nissan	Sole Supplier
1143604	5,335.20	The Badge Co	Sole Supplier
1143735	7,592.40	Civilsoft Systems	Sole Supplier
1143766	11,286.00	IMQS Software	Sole Supplier
[5]	31,419.11		
1143318	5,700.00	Winterbach Broers	Emergency
1143400	20,078.80	A C Security	Emergency
1143564	10,944.00	Winterbach Broers	Emergency
1143565	2,880.00	LA Building and Maintenance	Emergency
1143779	10,327.51	WM Spilhaus Hexvallei	Emergency
1143855	2,850.00	Thornweld Light Engineering	Emergency
1143979	2,353.42	WM Spilhaus Hexvallei	Emergency
1143980	4,650.00	Arcco Steel	Emergency
[8]	59,783.73		
1144060	45,486.00	Worcester Enginesentrum	Strip & Quote
1143602	42,907.66	Noordboland Meganiese Dienste	Strip & Quote
1143603	66,978.21	Noordboland Meganiese Dienste	Strip & Quote
[3]	155,371.87		
1143601	6,600.00	Olivier Kontrakteur	Exceptional case whereby it is impractical to follow a normal procurement process
1143247	5,700.00	Quantec Research	Exceptional case whereby it is impractical to follow a normal procurement process
1143359	112,814.40	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1143421	3,397.20	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1143448	26,881.28	Rentokil Initial	Exceptional case whereby it is impractical to follow a normal procurement process
1143533	10,086.96	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1143537	36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1143581	57,330.00	Wynland Skip Hire	Exceptional case whereby it is impractical to follow a normal procurement process
1143707	167,520.15	Datategra	Exceptional case whereby it is impractical to follow a normal procurement process
1143895	3,500.00	Terrence Harker Argilekteur	Exceptional case whereby it is impractical to follow a normal procurement process
1143943	9,018.50	Maslophame Trading 77 cc	Exceptional case whereby it is impractical to follow a normal procurement process
1143754	139,292.78	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1143361	581,535.46	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1143932	29,982.00	Vetties Maintenance and Cleaning Services	Exceptional case whereby it is impractical to follow a normal procurement process
1143887	26,031.48	Rentokil Initial	Exceptional case whereby it is impractical to follow a normal procurement process
[15]	1,215,576.60		
Total	1,462,151.31		
[31]			
DEVIATIONS FOR THE MONTH: NOVEMBER 2016			
Order nr.	Amount	Service Provider	Reason
1144139	16,222.60	AH Marais Seuns	Sole Supplier
1144396	193,863.84	HSM Amanzi Pump and Sewerage Engine	Sole Supplier
1144397	175,531.50	HSM Amanzi Pump and Sewerage Engine	Sole Supplier
1144651	17,332.66	Industrial Screening Technology	Sole Supplier
1144819	9,126.89	Lexis Nexis	Sole Supplier
[5]	412,077.39		
1144087	7,800.00	De La Rosa Ingenieurs/Trailers en Staalk	Emergency
1144137	2,861.40	Winterbach Broers	Emergency
1144240	66,283.36	AH Marais Seuns	Emergency
1144465	3,500.00	Kipos Passengers Bus Service	Emergency
1144563	9,302.40	Alpha Civil	Emergency
1144563	9,302.40	Alpha Civil	Emergency
[6]	99,049.56		
1144527	35,472.76	JEC Spares	Strip & Quote
1144595	84,499.94	Tricom Africa	Strip & Quote
1144143	49,592.28	Strydom Armature Winders	Strip & Quote
[3]	169,564.98		
1144135	580,420.54	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process

BREDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR

Order nr.	Amount	Service Provider	Reason
1144136	11,115.00	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1144294	416,377.77	Rentworks Africa	Exceptional case whereby it is impractical to follow a normal procurement process
1144395	7,845.00	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1144439	7,774.80	Muller Terblanchie & Byers	Exceptional case whereby it is impractical to follow a normal procurement process
1144440	34,805.34	Muller Terblanchie & Byers	Exceptional case whereby it is impractical to follow a normal procurement process
1144441	11,459.56	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1144442	6,463.80	De Vries De Wet	Exceptional case whereby it is impractical to follow a normal procurement process
1144478	3,588.72	X Link Communication	Exceptional case whereby it is impractical to follow a normal procurement process
1144629	4,573.00	De Vries De Wet & Kroukam	Exceptional case whereby it is impractical to follow a normal procurement process
1144632	9,018.50	Masiqhame Trading	Exceptional case whereby it is impractical to follow a normal procurement process
1144654	26,031.48	Rentokil Initial	Exceptional case whereby it is impractical to follow a normal procurement process
1144655	2,200.00	JJ Beyers & Vennote	Exceptional case whereby it is impractical to follow a normal procurement process
1144664	42,134.40	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1144665	70,680.00	A C Security	Exceptional case whereby it is impractical to follow a normal procurement process
1144671	7,872.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1144832	36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
[17]	1,278,446.70		
TOTAL:	1,959,138.63		
[31]			
DEVIATIONS FOR THE MONTH: DECEMBER 2016			
Order nr.	Amount	Service Provider	Reason
1144988	2,530.80	Ken Fargiter Chipper Hire	Sole Supplier
1145351	7,934.40	Worcester Nissan	Sole Supplier
1145352	6,916.87	Barloworld Equipment	Sole Supplier
1145354	4,002.77	Transtech	Sole Supplier
1145733	8,412.80	Hydralift	Sole Supplier
1145734	8,361.90	MSA Africa (PTY) LTD	Sole Supplier
[6]	36,159.24		
1145692	2,782.80	Winterbach Broers	Emergency
1145693	2,782.80	Winterbach Broers	Emergency
1145694	2,782.80	Winterbach Broers	Emergency
1145683	10,824.80	Giles Supertension Joints cc	Emergency
1145639	17,920.80	Mr Plumber Worcester	Emergency
1144905	14,671.80	WM Spilhaus	Emergency
[6]	51,565.80		
1144942	30,802.80	Giles Supertension Jointing	Strip & Quote
1145047	43,556.55	Boland Hydraulics	Strip & Quote
[2]	74,359.35		
1144850	264,535.86	Bytes Systems Integration of Altron	Exceptional case whereby it is impractical to follow a normal procurement process
1144861	6,000.00	JKM Sounds	Exceptional case whereby it is impractical to follow a normal procurement process
1145085	19,727.84	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1145086	75,078.50	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1145170	21,265.00	Elton Shortles Prokureurs	Exceptional case whereby it is impractical to follow a normal procurement process
1145176	2,052.00	Bercor Trading	Exceptional case whereby it is impractical to follow a normal procurement process
1145202	10,154.88	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1145208	14,380.00	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1145211	3,588.72	X-Link Communication	Exceptional case whereby it is impractical to follow a normal procurement process
1145212	36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1145215	13,400.00	Oriental Foods & Ice Cream	Exceptional case whereby it is impractical to follow a normal procurement process
1145383	42,134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1145421	70,680.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR

Order nr.	Amount	Service Provider	Reason
1145477	87,248.76	HSM Amanzi Pump and Sewerage Engine	Exceptional case whereby it is impractical to follow a normal procurement process
1145641	15,007.66	Earth 2 Sky Geomatics	Exceptional case whereby it is impractical to follow a normal procurement process
1145085	19,272.84	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1145664	74,000.00	Bercor Trading	Exceptional case whereby it is impractical to follow a normal procurement process
1145685	75,696.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1145485	132,213.95	JVZ Construction JV	Exceptional case whereby it is impractical to follow a normal procurement process
1145083	623,697.38	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1142480	123,710.09	Rentworks Africa (Pty) Ltd	Exceptional case whereby it is impractical to follow a normal procurement process
1145784	62,500.00	Cash Crusaders	Exceptional case whereby it is impractical to follow a normal procurement process
[22]	1,792,430.27		
Total [36]	1,954,514.66		
DEVIATIONS FOR THE MONTH: JANUARY 2017			
Order nr.	Amount	Service Provider	Reason
1145947	R 34,279.80	Idexx Laboratories	Sole Supplier
[1]			
1145785	53,396.10	Worcester Build II	Emergency
1146113	2,860.00	Tony's Motor Spares	Emergency
1145862	R 14,980.20	Brandwacht Besproeiing	Emergency
1145903	R 6,869.20	Winterbach Broers	Emergency
1145939	R 2,622.00	Winterbach Broers	Emergency
1146101	R 2,723.60	Boland Bearings & Agri Supplies	Emergency
1146102	R 2,675.00	Thornwell Light Engineering	Emergency
1146115	R 2,850.00	Tony's Motor Spares	Emergency
1146116	R 2,280.00	Tony's Motor Spares	Emergency
1146117	R 2,278.83	Orbit Boland Worcester	Emergency
1145834	R 2,257.20	Wm Spilhaus hex	Emergency
1144905	R 14,670.80	Wm Spilhaus hex	Emergency
1148079	R 2,082.67	Wm Spilhaus hex	Emergency
[13]	114,535.60		
1145669	R 64,073.79	Jec Spares	Strip & Quote
1145670	R 48,552.37	Noordboland Meganiese Dienste	Strip & Quote
1146131	R 41,656.87	Jec Spares	Strip & Quote
[3]	152,283.03		
1145820	10,000.00	Olivier Kontrakteur	Exceptional case whereby it is impractical to follow a normal procurement process
1145659	R 16,993.98	ODS Consultants	Exceptional case whereby it is impractical to follow a normal procurement process
1145860	R 38,760.00	ODS Consultants	Exceptional case whereby it is impractical to follow a normal procurement process
1148034	R 33,508.00	Capital security	Exceptional case whereby it is impractical to follow a normal procurement process
1145866	R 3,586.72	X - Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1145867	R 36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1145962	R 11,675.20	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1145985	R 565,587.80	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1146037	R 9,016.50	Masiqhame Trading 77cc	Exceptional case whereby it is impractical to follow a normal procurement process
1146130	R 3,420.00	Tony's Motor Spares	Exceptional case whereby it is impractical to follow a normal procurement process
1146191	R 65,037.00	Alpha Civil	Exceptional case whereby it is impractical to follow a normal procurement process
[11]	793,675.59		
TOTAL [28]	1,094,774.02		
DEVIATIONS FOR THE MONTH: FEBRUARY 2017			
Order nr.	Amount	Service Provider	Reason
1146816	R 65,338.32	Frank Vos Motors	Sole Supplier
[1]	R 65,338.32		
1146928	R 33,347.80	Geniprint	Strip & Quote above R30,000
[1]	33,347.80		
1146628	R 2,197.95	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1146629	R 6,042.19	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process

BREDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR.

Order nr.	Amount	Service Provider	Reason
1146630	R 3,280.04	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1146669	R 404,676.25	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1146670	R 153,923.50	Global Force Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1146893	R 2,651.13	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1146926	R 83,896.01	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1146934	R 22,920.00	Hexvaliel Sekuriteit	Exceptional case whereby it is impractical to follow a normal procurement process
1146937	R 4,954.05	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1146865	R 27,827.67	Rentokil Initial	Exceptional case whereby it is impractical to follow a normal procurement process
1146973	R 36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1146974	R 3,588.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1147008	R 112,814.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1147240	R 30,292.83	Global Force Security	Exceptional case whereby it is impractical to follow a normal procurement process
1147241	R 84,261.65	Rentworks Africa	Exceptional case whereby it is impractical to follow a normal procurement process
1147316	R 2,382.60	Winterbach Broers	Exceptional case whereby it is impractical to follow a normal procurement process
1146935	R 3,593.85	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1146826	R 9,883.94	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
[18]	995,273.17		
Total	1,093,959.29		
[20]			

DEVIATIONS FOR THE MONTH: MARCH 2017

Order nr.	Amount	Service Provider	Reason
1147482	R 14,704.86	Maxal Projects	Sole Supplier
1147782	R 13,003.95	Anatech Instruments	Sole Supplier
1147783	R 23,251.44	Idexx Laboratories	Sole Supplier
1147836	R 24,034.52	SABS Commercial	Sole Supplier
1147944	R 2,416.80	M & N Bakwerke	Sole Supplier
1147945	R 4,179.19	Orbit Boland Worcester	Sole Supplier
1147946	R 117,670.80	HSM Amanzi Pump and Sewerage Engine	Sole Supplier
[7]	R 199,261.56		
1147371	R 2,652.55	Orbit Boland Worcester	Emergency
1147509	R 36,086.39	Fidelity Cash Solutions	Emergency
1148901	R 4,392.75	Quenis Pharmacy	Emergency
1144666	9,130.20	De La Rosa Trailers	Emergency
	52,231.89		
[4]			
1147835	R 31,471.35	Jec Spares	Strip & Quote above R30,000
[1]			
1147508	R 3,588.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1147509	R 36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1147551	R 2,223.00	Tony's Truck Centre	Exceptional case whereby it is impractical to follow a normal procurement process
1147659	R 558,599.75	Global Force Security	Exceptional case whereby it is impractical to follow a normal procurement process
1147686	R 27,402.50	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1147697	R 55,612.40	Business Engineering	Exceptional case whereby it is impractical to follow a normal procurement process
1147796	R 61,047.00	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1147834	R 8,495.28	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1147837	R 29,241.00	Beirrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
1147871	R 8,988.33	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1148043	R 5,891.28	RS Supplies	Exceptional case whereby it is impractical to follow a normal procurement process
[11]	R 797,175.66		
Total	R 1,080,140.46		
[23]			

DEVIATIONS FOR THE MONTH: APRIL 2017

Order nr.	Amount	Service Provider	Reason
1148309	R 22,880.00	IDI Technology Solutions	Sole Supplier
1148748	R 3,930.78	Audensberg Toyota	Sole Supplier
1148797	R 8,483.98	Orbit Boland Worcester	Sole Supplier

BREDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR

Order nr.	Amount	Service Provider	Reason
[3]	R 35,294.76		
1148796	R 4,503.00	Tony's Motor Spares	Emergency
[1]			
1149068	R 61,257.00	Hydreco	Strip & Quote
[1]			
1148333	R 49,961.01	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1148334	R 167,792.02	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1148336	R 3,568.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1148337	R 36,086.39	Fidelity Cash Solutions	Exceptional case whereby it is impractical to follow a normal procurement process
1148755	R 9,566.16	Global Forces Security	Exceptional case whereby it is impractical to follow a normal procurement process
1148800	R 11,400.00	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1148650	R 6,090.08	Windeed	Exceptional case whereby it is impractical to follow a normal procurement process
1148949	R 63,270.00	Berçor Trading cc	Exceptional case whereby it is impractical to follow a normal procurement process
1147791	R 224.92	CC Auto Supplies BK T/A Midas	Exceptional case whereby it is impractical to follow a normal procurement process
1148513	R 2,644.80	Tony's Truck Centre	Exceptional case whereby it is impractical to follow a normal procurement process
1148642	R 10,079.92	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1148643	R 27,402.51	Belrowplas Recycling	Exceptional case whereby it is impractical to follow a normal procurement process
[12]	388,126.53		
Total	489,181.29		
[17]			
DEVIATIONS FOR THE MONTH: MAY 2017			
Order nr.	Amount	Service Provider	Reason
1149451	R 3,622.37	Worcester Nissan	Sole Supplier
1149226	R 31,247.40	Meycom Service	Sole Supplier
1149404	R 18,525.00	Knowledge Base Sales	Sole Supplier
1149579	R 27,542.08	AAD Truck & Bus	Sole Supplier
1149515	R 11,400.00	CSX Customer Services	Sole Supplier
1149823	R 22,355.40	HSM Amanzi Pump Sewerage	Sole Supplier

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR.

Order nr.	Amount	Service Provider	Reason
1149624	R 22,476.61	HSM Amanzi Pump Sewerage	Sole Supplier
1149724	R 18,004.90	Anatech Instruments	Sole Supplier
[8]	R 155,073.76		
1149068	R 61,257.00	Hydrenco	Strip & Quote
1149315	R 198,996.12	HSM Amanzi Pump Sewerage	Strip & Quote
1149316	R 199,124.94	HSM Amanzi Pump Sewerage	Strip & Quote
1149337	R 70,161.30	Maxaf Projects	Strip & Quote
1149451	R 3,522.37	Worcester Nissan	Strip & Quote
1149580	R 30,448.07	Jec Spares	Strip & Quote
1149612	R 40,126.24	Jec Spares	Strip & Quote
[7]	R 603,636.04		
1149245	R 29,241.00	Beirrowplas Recycling	Emergency
1149462	R 44,859.00	Saayman Springworks	Emergency
1149620	R 2,223.00	Tony's Truck Centre	Emergency
1149625	R 3,055.20	Hyper Doors	Emergency
[4]	R 79,378.20		
1149063	R 85,492.99	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1149069	R 53,534.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
1149092	R 57,739.16	Global Force Security	Exceptional case whereby it is impractical to follow a normal procurement process
1149309	R 27,208.13	Kal Ma Services	Exceptional case whereby it is impractical to follow a normal procurement process
1149388	R 12,080.15	Hippo Wassery	Exceptional case whereby it is impractical to follow a normal procurement process
1149389	R 164,098.50	Wilna Roux Attorneys	Exceptional case whereby it is impractical to follow a normal procurement process
1149522	R 3,588.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1149611	R 38,086.39	Fidelity Security Services	Exceptional case whereby it is impractical to follow a normal procurement process
1149616	R 14,380.00	Conradie Incorporated	Exceptional case whereby it is impractical to follow a normal procurement process
1149622	R 10,853.44	Fairbridges Wertheim Becker	Exceptional case whereby it is impractical to follow a normal procurement process
1149636	R 97,392.99	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1149637	R 42,134.40	AC Security	Exceptional case whereby it is impractical to follow a normal procurement process
[12]	604,589.27		
Total	1,442,677.27		
[31]			
DEVIATIONS FOR THE MONTH: JUNE 2017			
Order nr.	Amount	Service Provider	Reason
1150329	R 9,086.70	Orbit Boland Worcester	Sole supplier
1150886	R 12,582.18	PSA Africa (Pty) Ltd	Sole supplier
1150353	R 7,082.95	Orbit Boland Worcester	Sole supplier
1150503	R 7,185.00	Vision Elevators	Sole supplier
1150914	R 542,769.96	Pragma Africa	Sole supplier
1150436	R 42,257.74	Fire Raiders Cape (Pty) Ltd	Sole supplier
1150830	R 2,225.92	Worcester Nissan	Sole supplier
1150841	R 5,938.00	High Angle	Sole supplier
1151094	R 2,670.00	Coalition Training and Skills	Sole supplier
1151095	R 3,030.00	Coalition Training and Skills	Sole supplier
[10]	R 634,828.45		
1150431	R 82,171.00	HSM Amanzi Pump and Sewerage Engine	Strip & Quote
1150842	R 36,330.48	JEC Spares	Strip & Quote
[2]	R 118,501.48		
1150268	R 2,428.20	Winterbach Broers	Emergency
1150343	R 2,679.00	Winterbach Broers	Emergency
1150359	R 2,428.20	Winterbach Broers	Emergency
1150414	R 5,643.00	Tony's Truck Centre	Emergency
1150634	R 2,160.30	Winterbach Broers	Emergency
1150660	R 2,428.20	Winterbach Broers	Emergency
1150763	R 29,241.00	HSM Amanzi Pump and Sewerage Engine	Emergency
1150829	R 2,918.40	Winterbach Broers	Emergency
[8]	R 49,926.30		
1150051	R 2,959.58	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1150050	R 7,144.91	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process
1150049	R 3,811.69	Windeed Systems	Exceptional case whereby it is impractical to follow a normal procurement process

BREEDER VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
APPENDIX J: DEVIATIONS FOR THE 2016/2017 FINANCIAL YEAR.

APPENDIX J: DEVIATIONS FOR THE 2016-2017 FINANCIAL YEAR			
Order nr.	Amount	Service Provider	Reason
1150378	R 7,360.00	Muller Terblance & Beyers	Exceptional case whereby it is impractical to follow a normal procurement process
1150654	R 3,588.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1150802	R 2,906.80	AC Serurity	Exceptional case whereby it is impractical to follow a normal procurement process
1150840	R 84,268.80	AC Serurity	Exceptional case whereby it is impractical to follow a normal procurement process
1150843	R 108,067.44	ODS Consultants	Exceptional case whereby it is impractical to follow a normal procurement process
1150858	R 215,273.02	Capital Security	Exceptional case whereby it is impractical to follow a normal procurement process
1151031	R 3,588.72	X Link Communications	Exceptional case whereby it is impractical to follow a normal procurement process
1151101	R 8,659.38	Hippo Wassery	Exceptional case whereby it is impracticat to follow a normal procurement process
[11]	R 447,629.06		
Total [31]	R 1,250,885.29		
	23,740,626.95		

BREEDE VALLEY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

APPENDIX K: INVESTMENTS

Date Invested	Institution	ID	Account Number	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
											0.00		0.00
26-May-16	STANDARD	134	088786943-025	7.600%	60	5,000,000	25-Jul-16	5,000,000	27-Jul-16	4000367050	62,465.75	62,465.75	0.00
26-May-16	INVESTEC	135	JB 9171903	7.60%	61	5,000,000	26-Jul-16	5,000,000	27-Jul-16	4000367051	63,506.85	63,506.85	0.00
30-Mar-16	ABSA	132	2075930795	7.71%	121	5,000,000	29-Jul-16	5,000,000	29-Jul-16	6000213017	127,795.89	127,795.89	0.00
30-Mar-16	NEDBANK	133	3/7881531576/206	7.725%	121	5,000,000	29-Jul-16	5,000,000	29-Jul-16	6000213018	128,044.52	128,044.52	0.00
											0.00		0.00
												381,813.01	
											0.00		0.00
26-May-16	STANDARD	136	088786943-026	7.750%	90	10,000,000	24-Aug-16	10,000,000	24-Aug-16	6000214170	191,095.89	191,095.89	0.00
26-May-16	NEDBANK	137	3/7881531576/207	7.80%	91	10,000,000	25-Aug-16	10,000,000	25-Aug-16	6000214192	194,465.75	194,465.75	0.00
26-May-16	INVESTEC	138	JB 9171906	7.75%	92	10,000,000	26-Aug-16	10,000,000	26-Aug-16	4000368088	195,342.47	195,342.47	0.00
											0.00		0.00
												580,904.11	
											0.00		0.00
26-May-16	STANDARD	139	088786943-027	7.925%	120	5,000,000	23-Sep-16	5,000,000	26-Sep-16	2000255416	130,273.97	130,273.97	0.00
26-May-16	ABSA	140	2076067553	7.75%	123	5,000,000	26-Sep-16	5,000,000	26-Sep-16	6000215675	130,582.19	130,582.19	0.00
26-May-16	NEDBANK	141	3/7881531576/208	7.95%	123	5,000,000	26-Sep-16	5,000,000	26-Sep-16	5000370199	133,952.05	133,952.05	0.00
26-May-16	INVESTEC	142	JB 9171907	7.95%	123	5,000,000	26-Sep-16	5,000,000	26-Sep-16	3000357588	133,952.05	133,952.05	0.00
27-Jul-16	NEDBANK	144	3/7881531576/210	7.67%	62	10,000,000	27-Sep-16	10,000,000	27-Sep-16	2000255510	130,284.93	130,284.93	0.00
27-Jul-16	STANDARD	145	288460898-001	7.625%	62	10,000,000	27-Sep-16	10,000,000	27-Sep-16	2000255550	129,520.55	129,520.55	0.00
27-Jul-16	INVESTEC	146	JB 9216765	7.60%	62	10,000,000	27-Sep-16	10,000,000	27-Sep-16	2000255549	129,095.89	129,095.89	0.00
											0.00		0.00
												917,661.63	
											0.00		0.00
27-Jul-16	ABSA	147	2076212227	7.76%	90	10,000,000	25-Oct-16	10,000,000	25-Oct-16	3000358143	191,342.47	191,342.47	0.00
26-May-16	NEDBANK	143	3/7881531576/209	8.18%	153	10,000,000	26-Oct-16	10,000,000	26-Oct-16	5000371180	342,887.67	342,887.67	0.00
27-Jul-16	NEDBANK	143	3/7881531576/211	7.80%	91	5,000,000	26-Oct-16	5,000,000	26-Oct-16	5000371179	97,232.88	97,232.88	0.00
27-Jul-16	INVESTEC	149	JB 9216767	7.80%	92	5,000,000	27-Oct-16	5,000,000	28-Oct-16	5000371208	98,301.37	98,301.37	0.00
											0.00		0.00
												729,764.39	
											0.00		0.00
25-Aug-16	NEDBANK	150	3/7881531576/212	7.80%	91	10,000,000	24-Nov-16	10,000,000	24-Nov-16	3000358409	194,465.75	194,465.75	0.00
25-Aug-16	STANDARD	151	288460898-002	7.775%	92	5,000,000	25-Nov-16	5,000,000	24-Nov-16	2000258538	97,986.30	97,986.30	0.00
											0.00		0.00
												292,452.05	
											0.00		0.00
25-Aug-16	INVESTEC	152	JB 9237883	7.80%	124	5,000,000	23-Dec-16	5,000,000	23-Dec-16	3000360549	128,219.18	128,219.18	0.00
25-Aug-16	ABSA	154	207623337	7.83%	124	5,000,000	27-Dec-16	5,000,000	23-Dec-16	3000360550	133,002.74	133,002.74	0.00
25-Aug-16	STANDARD	154	288460898-003	7.850%	124	5,000,000	27-Dec-16	5,000,000	23-Dec-16	3000360552	133,342.47	133,342.47	0.00
25-Aug-16	STANDARD	154	288460898-003	7.850%	1		28-Dec-16		10-Jan-17	3000361628	1,075.34	1,075.34	0.00
											0.00		0.00
												395,639.73	
											0.00		0.00
25-Aug-16	INVESTEC	155	JB 9237884	8.05%	151	5,000,000	23-Jan-17	5,000,000	23-Jan-17	5000374416	166,513.70	166,513.70	0.00
25-Aug-16	NEDBANK	154	3/7881531576/213	8.145%	153	5,000,000	25-Jan-17	5,000,000	25-Jan-17	3000362238	170,710.27	170,710.27	0.00
28-Oct-16	NEDBANK	157	3/7881531576/214	7.93%	91	10,000,000	27-Jan-17	10,000,000	27-Jan-17	4000372344	197,706.85	197,706.85	0.00
28-Oct-16	STANDARD	158	288460898-004	7.775%	91	10,000,000	27-Jan-17	10,000,000	27-Jan-17	4000372368	193,842.47	193,842.47	0.00
											0.00		0.00
												728,773.29	
											0.00		0.00
28-Nov-16	INVESTEC	166	JB 9307976	7.70%	86	5,000,000	22-Feb-17	5,000,000	22-Feb-17	6000221883	90,712.33	90,712.33	0.00
28-Oct-16	ABSA	154	2076432031	7.56%	123	5,000,000	28-Feb-17	5,000,000	28-Feb-17	3000364232	127,380.82	127,380.82	0.00
28-Oct-16	NEDBANK	166	3/7881531576/215	8.08%	123	5,000,000	28-Feb-17	5,000,000	28-Feb-17	3000364165	136,142.47	136,142.47	0.00
28-Oct-16	STANDARD	161	288460898-005	7.56%	123	5,000,000	28-Feb-17	5,000,000	28-Feb-17	3000364237	133,109.59	133,109.59	0.00
28-Oct-16	INVESTEC	162	JB 9286140	7.70%	123	10,000,000	28-Feb-17	10,000,000	28-Feb-17	3000364234	259,479.45	259,479.45	0.00
28-Nov-16	STANDARD	167	288460898-006	7.775%	92	5,000,000	28-Feb-17	5,000,000	28-Feb-17	3000364236	97,986.30	97,986.30	0.00
											0.00		0.00
												844,811.01	
											0.00		0.00
27-Jan-17	NEDBANK	179	3/7881531576/221	7.78%	59	5,000,000	27-Mar-17	5,000,000	27-Mar-17	2000262787	62,879.45	62,879.45	0.00
28-Oct-16	ABSA	163	2076431996	7.76%	151	5,000,000	28-Mar-17	5,000,000	28-Mar-17	3000365944	160,515.07	160,515.07	0.00
28-Oct-16	NEDBANK	164	3/7881531576/216	8.28%	151	5,000,000	28-Mar-17	5,000,000	28-Mar-17	3000365921	171,271.23	171,271.23	0.00
28-Oct-16	INVESTEC	165	JB 9286145	7.90%	151	5,000,000	28-Mar-17	5,000,000	28-Mar-17	3000365945	163,410.96	163,410.96	0.00
27-Jan-17	STANDARD	180	288460898-009	7.675%	60	5,000,000	28-Mar-17	5,000,000	28-Mar-17	2000262871	63,082.19	63,082.19	0.00
28-Nov-16	STANDARD	168	288460898-007	7.90%	121	5,000,000	29-Mar-17	5,000,000	29-Mar-17	2000262916	130,945.21	130,945.21	0.00
28-Nov-16	ABSA	169	2076488927	7.89%	123	5,000,000	31-Mar-17	5,000,000	31-Mar-17	5000376924	132,941.10	132,941.10	0.00
28-Nov-16	NEDBANK	170	3/7881531576/217	8.10%	123	5,000,000	31-Mar-17	5,000,000	31-Mar-17	3000366057	136,479.45	136,479.45	0.00
											0.00		0.00
												1,021,524.66	
											0.00		0.00
28-Nov-16	INVESTEC	171	JB 9308005	8.05%	147	5,000,000	24-Apr-17	5,000,000	24-Apr-17	6000223556	162,102.74	162,102.74	0.00
28-Nov-16	NEDBANK	172	3/7881531576/218	8.33%	151	10,000,000	28-Apr-17	10,000,000	28-Apr-17	3000367511	344,610.96	344,610.96	0.00
27-Jan-17	ABSA	181	2076614552	7.75%	91	5,000,000	28-Apr-17	5,000,000	28-Apr-17	3000367530	96,609.59	96,609.59	0.00
27-Jan-17	STANDARD	182	288460898-010	7.80%	91	5,000,000	28-Apr-17	5,000,000	28-Apr-17	3000367510	97,232.88	97,232.88	0.00

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

128